



Daily Report

China

FBIS-CHI-89-073

Tuesday

18 April 1989

Daily Report China

FBIS-CHI-89-073

CONTENTS

18 April 1989

INTERNATIONAL AFFAIRS

General

| | |
|--|---|
| 'Brady Plan' for Debt Reductions Viewed | 1 |
| LIAOWANG Notes Main Features [Hong Kong OVERSEAS EDITION 27 Mar] | 1 |
| RENMIN RIBAO on Chances for Success [12 Apr] | 2 |
| United Nations Reviews Afghanistan Question | 3 |
| Secretary General Urges Conformity [XINHUA] | 3 |
| Security Council Continues Debate [XINHUA] | 3 |
| China Attends UN Media Symposium in Poland [XINHUA] | 4 |
| International Urban Management Symposium Opens [XINHUA] | 4 |
| Foreign Experts' Contribution to Development Noted [XINHUA] | 4 |

United States & Canada

| | |
|---|---|
| PLA General Fets U.S. Air Force General [XINHUA] | 5 |
| Zhao Zhihao Greet Texas Republican Delegation [Jinan Radio] | 5 |
| Beijing-Canadian Trade Symposium Opens [XINHUA] | 5 |

Northeast Asia

| | |
|---|---|
| Tokyo Governor Visits Sister City Beijing [XINHUA] | 6 |
| Meets With Yao Yilin [XINHUA] | 6 |
| Attends Symphony Concert [XINHUA] | 6 |
| Tokyo Legislative Delegation Arrives in Harbin [Harbin Radio] | 6 |
| Delegation From Japan's Osaka Visits Shanghai [Shanghai Radio] | 7 |
| Shanghai Leaders Meet Japanese Businessmen [Shanghai Radio] | 7 |
| Japan Receives Waste Gas Purification Catalyst [CEI Database] | 7 |
| Trade Volume With Japan Up in First Quarter [CEI Database] | 7 |
| Trade Volume With South Korea Viewed [CEI Database] | 7 |
| Commercial, Air Links To Open With Seoul [Hong Kong TA KUNG PAO 15 Apr] | 7 |

Southeast Asia & Pacific

| | |
|--|---|
| Vietnam's Statement on Troop Withdrawal Analyzed [RENMIN RIBAO 13 Apr] | 8 |
| Indonesian Trade Delegation To Visit PRC [XINHUA] | 8 |
| Australian Minister Urges Increased Trade [XINHUA] | 9 |
| Sino-New Zealand Venture in Guizhou Approved [XINHUA] | 9 |
| TV Drama on New Zealand's Rewi Alley Aired [XINHUA] | 9 |

West Europe

| | |
|---|----|
| Gu Mu Meets With French Delegation [XINHUA] | 9 |
| French Firm Fined for Fire [XINHUA] | 10 |
| Fang Yi Hosts Reception for Italian Delegation [XINHUA] | 10 |
| Luxembourg Delegation Welcomed in Shanghai [Shanghai Radio] | 10 |
| FRG Foundation Opens Student Training Centers [XINHUA] | 10 |
| XINHUA Views Kohl Cabinet Reshuffle | 10 |

NATIONAL AFFAIRS

Political & Social

| | |
|--|----|
| Further Reports on Hu Yaobang's Death, Reaction | 12 |
| Memorial Meeting Planned [ZHONGGUO TONGXUN SHE] | 12 |
| Zhao To Lead Memorial Service [Tokyo KYODO] | 12 |
| 'Thousands' Mourn Hu [Hong Kong SOUTH CHINA MORNING POST 18 Apr] | 12 |
| Further on Mourning Activities [XINHUA] | 13 |
| Students Demand Government Resignation [AFP] | 13 |
| Calls for Democracy, Law Noted [Hong Kong HONGKONG STANDARD 18 Apr] | 14 |
| Youth Paper on Mourning Hu [XINHUA] | 15 |
| Mourning, Calls for Change Linked [Hong Kong SOUTH CHINA MORNING POST 18 Apr] | 16 |
| Sihanouk Sends Condolences [XINHUA] | 17 |
| Kim Il-song Sends Message [XINHUA] | 17 |
| GDR's Honecker Sends Zhao Message [XINHUA] | 17 |
| Maldives President Sends Message [XINHUA] | 18 |
| Further on Zhao Remarks to Education Reform [Beijing Radio] | 18 |
| Yang Shangkun Mourns Xiao Jinguang [RENMIN RIBAO 11 Apr] | 19 |
| Fang Lizhi on Student Demonstrations, Dissidents [Jerusalem Radio] | 20 |
| Former Judge Cited on Case of Wei Jingsheng [Beijing International] | 20 |
| Commentator on Improvement, Rectification [RENMIN RIBAO 13 Apr] | 21 |
| GUANGMING RIBAO on End of NPC Session [5 Apr] | 22 |
| JINGJI RIBAO Discusses NPC's Theme [4 Apr] | 23 |
| LIAOWANG on NPC Report Drafting Process [Hong Kong OVERSEAS EDITION 3 Apr] | 24 |
| CPC Seminar To Promote Literature, Art [Beijing Radio] | 28 |
| Mechanism for Family Funding of Education Urged [GUANGMING RIBAO 15 Mar] | 28 |
| He Zhenliang Elected New Olympic Committee Head [XINHUA] | 29 |
| On Possible Games in PRC [XINHUA] | 29 |

Science & Technology

| | |
|---|----|
| Companies To Promote Aviation Industry Founded [ZHONGGUO TONGXUN SHE] | 30 |
| Satellite Earth Station Equipment Approved [XINHUA] | 30 |
| Forum Held on Multiple Drilling Technology [XINHUA] | 31 |
| Scientists Develop Low-Temperature Pump [XINHUA] | 31 |

Military

| | |
|--|----|
| PRC Gives Up Plan To Build Aircraft Carrier [Tokyo KYODO] | 31 |
| BAN YUE TAN Lauds Army Air Corps Role [25 Mar] | 31 |
| Advances in Weapons Temperature Testing Noted [CHINA DAILY 18 Apr] | 32 |

Economic & Agricultural

| | |
|--|----|
| Reform Viewed as Means for Curbing Inflation [SHIJIE JINGJI DAOBAO 27 Mar] | 33 |
| Consumption, Inflation Control Discussed [JINGJI RIBAO 5 Apr] | 41 |

REGIONAL AFFAIRS

East Region

| | |
|---|----|
| Work of Shanghai CPPCC Plenum Discussed [Shanghai Radio] | 43 |
| Zhejiang Reports Success in Corruption Fight [Hangzhou Radio] | 43 |

Central-South Region

| | |
|---|----|
| Guangdong Secretary Criticizes Smuggling Activity [Guangzhou Radio] | 43 |
| Guangdong Meeting Views Population Crisis [Guangzhou Radio] | 44 |
| Guangdong Province Faces Unemployment Problem [XINHUA] | 44 |

| | | |
|--|--|----|
| Foreign Enterprises Increasing in Guangdong | [ZHONGGUO TONGXUN SHE] | 44 |
| Inadequate Investment Threatens Guangdong | [CHINA DAILY (BUSINESS WEEKLY) 17 Apr] | 45 |
| Guangxi Leader Speaks on Population Issue | [Nanning Radio] | 45 |
| Hubei's Grain Procurement Prospects 'Grim' | [Wuhan Radio] | 45 |
| Hunan Acting Governor Addresses Money Shortage | [Changsha Radio] | 46 |
| Hunan Notes Industrial Structure Problems | [Changsha Radio] | 46 |

Southwest Region

| | | |
|---|----------------------|----|
| Aftermath of Sichuan Earthquake Described | [XINHUA] | 46 |
| Sichuan Family Planning Violators Disciplined | [CHINA DAILY 18 Apr] | 46 |
| Sichuan Scheduled To Improve Travel Service | [XINHUA] | 47 |
| Tibet Party Official Stresses Propaganda Work | [Lhasa Radio] | 47 |
| Lhasa Riots Depress Tibet's Tourism Industry | [XINHUA] | 47 |
| Yunnan Leader Assesses Population Problem | [Kunming Radio] | 48 |
| Indiscriminate Lumbering Occurring in Yunnan | [Kunming Radio] | 48 |

North Region

| | | |
|---|-------------------------------|----|
| Xing Chongzhi Visits Hebei City 21-23 Mar | [HEBEI RIBAO 28 Mar] | 48 |
| Hebei's Langfang City Elects New Leading Bodies | | 49 |
| Inner Mongolia Expands Trade, To Open Ports | [ZHONGGUO TONGXUN SHE 15 Apr] | 49 |
| Military Cable Theft Case Solved in Shanxi | [XINHUA] | 50 |

Northeast Region

| | | |
|--|-------------------------|----|
| He Zhukang Participates in Jilin Land Project | [Changchun Radio] | 50 |
| 'Excerpts' of Liaoning 1988, 1989 Financial Report | [LIAONING RIBAO 16 Mar] | 50 |

Northwest Region

| | | |
|---|----------------|----|
| Shaanxi's Zhang Boxing Reviews Party Issues | [Xian Radio] | 53 |
| Gold Production Rises in Shaanxi Prefecture | [XINHUA] | 54 |
| Commentary Views Xinjiang Ethylene Project | [Urumqi Radio] | 54 |

PRC MEDIA ON TAIWAN AFFAIRS

| | | |
|---|---|----|
| Commentary Discusses 'Taiwan Experience' | [ZHONGGUO XINWEN SHE] | 55 |
| Taiwan Considers Dismantling Military Positions | [Beijing Radio] | 56 |
| Taiwan Sports Delegation Arrives on Mainland | [XINHUA] | 56 |
| More on Arrival | [Hong Kong SOUTH CHINA MORNING POST 18 Apr] | 57 |

TAIWAN

| | | |
|--|----------------------|----|
| Commentary on One Nation, Two Government Policy | [Taipei Radio] | 58 |
| Sino-U.S. Technical Cooperation Conference Opens | [CNA] | 58 |
| 'Significant Breakthrough' in SRV Relations | [CNA] | 58 |
| Fishing Agreement Reached With Malaysia | [LIEN HO PAO 30 Mar] | 59 |
| Honduran President Continues Official Visit | | 59 |
| Azcona Predicts Closer Relations | [CNA] | 59 |
| Joint Communique Signed | [CNA] | 60 |
| News Conference Held | [CNA] | 60 |
| Departs 16 Apr | [CNA] | 61 |

General

'Brady Plan' for Debt Reductions Viewed

LIAOWANG Notes Main Features

OW1704040689 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 13, 27 Mar 89 p 25

[Article by Liu Zhiguang (0491 3112 0342): "Initial Study of the 'Brady Plan'"]

[Text] In a speech delivered at a meeting on international economic issues on 10 March in Washington, U.S. Treasury Secretary Nicholas Brady presented a new proposal for lessening the debt burden on the Third World. This signified a major change in the U.S. Government strategy for dealing with the crisis in international debts and has drawn extensive attention from the U.S. and world financial circles.

At this meeting, which was attended by congressmen, big bankers, and senior officials of international financial institutions, Brady called for "pooling the efforts of all" and "mobilizing the financial resources of the world" to solve the question of international debts with a view to lessening the burden on the Third World, especially those Latin American countries that have heavy debt burdens. He said: "Our goal is to rekindle the hope of the people and leaders of the debtor countries; the hope that what they have sacrificed will lead to a more prosperous present and a future without the dark cloud of debt burden."

The heavy debt burden has become a factor contributing to political instability in some Latin American countries. A new example is last month's unrest in Caracas, the capital of Venezuela, in which some 300 people lost their lives. This unrest was touched off by the government's implementation of an economic tightening plan to pay back foreign debts. An article by Venezuelan President Perez, carried in some American newspapers, stated that this unrest "should evoke a profound self-examination by the leaders of industrial nations." He said: "Even though in recent years developing countries have made every effort to correct the past mistakes, it seems that we have been bogged down in the endless cycle of debts, poverty, hardship, and violence and cannot extricate ourselves from it." He deplored the fact that "the hundreds of millions of people of the Third World have to sweat in order to pay the enormous foreign debt." It can be said that the above violent incident has prompted the new U.S. proposal for dealing with the question of international debts.

Brady's proposal has been called the "Brady Plan" by the American press. It differs in essence from the "Baker Plan" put forth by former U.S. Treasury Secretary Baker in 1985. The focus of the Baker Plan was to provide new loans to debtor countries and to disapprove the lightening of their debt burden, while the Brady plan encourages commercial banks to partially exempt, on a voluntary basis, the more than \$400 billion debt of Brazil, Mexico,

Venezuela, and other Third World debtor countries. Brady said: "It is necessary for commercial banks to work together with debtor countries in order to find more ways to choose for giving the latter financial support. These include making utmost efforts to reduce their burden of paying the interest and principal on their foreign debts and extending new loans to them." To arouse the initiative of commercial banks, Brady also asked that guarantees be provided by the World Bank and the IMF for the debtor countries' payment of interest and principal after their foreign debts have been reduced.

The Brady Plan proposes three ways to reduce the burden on debtor countries: First, changing the debtor countries' loans into bonds with a lower face value, with the loss on the loans to be borne by the banks; second, changing the loans into bonds with the same face value but a lower interest rate, with the banks to absorb the loss due to the reduced interest rate; and third, changing the bank loans into stocks of local enterprises in debtor countries, with the stocks to be owned jointly with the banks. To facilitate the conclusion of deals between the creditor banks and debtor countries to reduce the debt burden, the beneficiary debtor countries may obtain financial assistance from the World Bank or the special IMF reserve fund or from the special loans that Japan has promised to grant them.

What the Brady Plan proposes are only some principles. There are no specifics in it. All that U.S. Treasury Department officials will say is that the U.S. Government feels this new plan will reduce the debt load on the debtor countries as well as their annual interest payments by "considerably large amounts," but they are not willing to provide specific figures. According to a recent report in THE WALL STREET JOURNAL, the unofficial estimates made by the U.S. Treasury Department indicate that the Brady Plan envisions a \$70 billion reduction, or a 20 percent cut, in the next 3 years in the debt incurred by the 39 developing countries, which owe a total of \$340 billion to the commercial banks. In addition, the \$102 billion interest to be paid by these countries to the commercial banks in the next 3 years will be slashed by \$20 billion, which will account for 20 percent of the total. In order to attain this goal, the U.S. Treasury Department estimates that the World Bank and the IMF will have to provide a fund of between \$20 billion to \$25 billion to encourage the commercial banks to reduce the principal and interest of the debt owed by the debtor countries. All of these 39 countries are designated by the IMF as countries with heavy debts. However, they will not be qualified for debt reduction or exemption unless they carry out economic reforms.

The World Bank and the IMF welcome the Brady Plan. IMF Managing Director Michel Camdessus said in a statement: "The basic contents and main orientation of this proposal are deserving of a positive response by the international community."

It is reported that Japanese Finance Minister Tatsuo Murayama told reporters in Tokyo that the Japanese Government welcomes the U.S. proposal and guarantees financial support. A senior official of the U.S. Treasury Department revealed that financial support from Japan for the Brady Plan may not exceed \$10 billion. He hopes that other developed countries will also provide funds in support of the plan, because the United States has suffered a deficit for years and is hard up financially.

A few days ago, U.S. Treasury Department officials held a meeting in Washington with representatives of 16 international commercial banks to brief them on the contents of the Brady Plan. It is reported that the reaction of these bankers was cautious. They understand this U.S. policy, but they were worried about some details of the plan. It is predicted that when the World Bank and the IMF hold their spring conference in Washington in early April, Brady will hold talks with the finance ministers of other creditor countries on the new U.S. proposal to reduce the international debt.

The Third World has been under the debt crisis for 7 years now. The amount of the developing countries' foreign debts had increased from \$800 billion in 1982 to \$1,320 billion by the end of 1988. According to the estimates of the Morgan Guaranty and Trust Company, which is a large U.S. commercial bank, the accumulated debts incurred by the 15 principal debtor countries (including 10 Latin American countries) had reached \$505 billion last year. The interest on these loans alone has grown to \$42 billion.

The Baker Plan of 3 years ago, which called for a new loan of \$20 billion to these 15 principal debtor countries, has in effect failed. Many banks have refused to extend new loans, afraid that their financial losses would increase. Last year, the Latin American countries paid \$26 billion interest on their foreign debts, but the amount of new loans obtained by them was only \$6 billion. At present, under the pressure of the unstable political situation in the Latin American countries, bankers of the developed countries predict that it is highly possible to see serious efforts made to solve the problem pertaining to the specific points of the Brady Plan and reach a speedy agreement on it. The real test for the Brady Plan lies in whether this agreement can really be implemented. As Paul Volcker, former chairman of the Board of Governors of the Federal Reserve System, said: As far as the problem of debt is concerned, "there is no magic panacea to be found."

RENMIN RIBAO on Chances for Success
HK1504073489 Beijing RENMIN RIBAO in Chinese
12 Apr 89 p 3

["International Outlook" column by Jing Xianfa (2529 2009 3127): "Don't Feed the Debtor Nations with a Picture of Cakes"]

[Text] The World Bank and the International Monetary Fund recently held a spring conference in Washington to discuss the international debt issue. At the meeting U.S.

Treasury Secretary Brady's plan for reducing and writing off debts owed by Third World countries was accepted for the first time, thus bringing new hope for solving the international debt crisis that has lasted for 7 years. However, some major Western countries still had reservations about some points in the "Brady Plan." This made people unable to be completely relieved of worries about the debt crisis.

The "Brady Plan" was a replacement for the "Baker Plan." The "Baker Plan" failed because the commercial banks refused to offer additional loans to the debtor countries in the Third World. This made the "Baker Plan" infeasible, because this plan required that further loans be offered by commercial banks, guarantees be offered by international financial organizations, and the debtor countries readjust their economic structures. Then, the United States put forward the "Brady Plan" which evaded the troublesome prerequisite of the previous plan; it only requires that commercial banks voluntarily reduce or write off part of the debts owed by the Third World countries, and at the same time, the international financial organizations continue to offer guarantees for the payment of interest and principal of the loans contracted by the debtor countries in the course of restructuring their economies. This "positive step" is welcomed by debtor countries in the Third World, and is also accepted by many commercial banks, thus freeing efforts to solve the debt crisis from the deadlock caused by the "Baker Plan."

However, it seems too early to say that the debt crisis can now be solved smoothly. First, it should be noted that the "Brady Plan" will at most reduce one-fifth of the \$1,300 billion debt owed by Third World countries. As the recent Washington conference pointed out, if the debt crisis in Latin America is to be substantially alleviated, the total amount of debt must at least be written off by 40 to 50 percent. So the best effect of the "Brady Plan" will still be far from satisfying the separate desires of the North and the South.

Moreover, the seven Western countries this time did not reach agreement on all points of the "Brady Plan." Britain and West Germany had reservations about the point that the World Bank and the International Monetary Fund should offer guarantees for the interest that should be paid by the debtor countries, because they were afraid that the commercial banks would thus shift the debt crisis to the governments of the industrial countries. This issue is related to an important link in the whole process: If the international financial organizations and the industrial countries cannot raise sufficient funds to guarantee the interest payment, the commercial banks will not offer the new loans needed in the economic restructuring in the developing debtor countries, and then the debts owed by these countries will not be reduced and written off. Then, the "Brady Plan" will face the same failure as the "Baker Plan" did.

Therefore, the key to the implementation of the "Brady Plan" lies in whether the commercial banks, the governments of the industrial countries, and the international financial organizations are willing to act in unison, and join hands in raising sufficient funds for guaranteeing the payment of interest and principal of the new loans contracted by the debtor countries. The atmosphere at the Washington conference showed that the governments of the industrial countries and the commercial banks were all willing to act in unison. In particular, as a country with the richest financial resources, Japan expressed its willingness to make more contributions to the raising of funds. However, Japan, while agreeing to make a bigger contribution to the financial pool, also required a correspondingly larger say in the voting mechanism of the international financial organizations. The United States and other Western countries were not willing to see this arrogant partner expand its influence on international financial affairs. Anyhow, as the debt crisis develops to such a serious degree today, the contradictions between the industrial countries should no longer become an obstacle to the settlement of the debt crisis.

The improvement and development of North-South relations is another crucial factor for alleviating the debt crisis. Under the premise that both the North and the South do their best to overcome the difficulties, the major Western countries should shoulder more obligations and duties. People now hope that the "Brady Plan" will really achieve positive results in alleviating the debt crisis, and will not become an illusory cake for allaying hunger of the debtor nations as was the "Baker Plan." If the "Brady Plan" also fails, the industrial countries themselves will suffer heavier losses.

United Nations Reviews Afghanistan Question

Secretary General Urges Conformity
OW1504000189 Beijing XINHUA in English
1958 GMT 14 Apr 89

[Text] United Nations, April 14 (XINHUA)—UN Secretary General Javier Perez de Cuellar today appealed to all parties concerned on the Afghan question "to ensure the scrupulous and faithful implementation of all their obligations under the Geneva Accords."

The UN chief made this appeal on the first anniversary of the signing in Geneva of the accords on the political settlement of the Afghanistan problem by Afghanistan, Pakistan, the Soviet Union, and the United States.

He also urged all Afghans today to make every effort to put an end to the suffering of their people and work for the establishment of a broad-based government through an intra-Afghan dialogue.

In a statement read out to reporters by his spokesman at a briefing today, the secretary general expressed "deep regret" and "grave concern" at the escalation of fighting in Afghanistan, the continued suffering of the Afghan people and the heavy casualties.

As stipulated in the Geneva accords, the Soviet Union completed the withdrawal of its forces from Afghanistan on 15 February. However, heavy fighting erupted around the city of Jalalabad early last month between the Soviet-backed Kabul government forces and the Pakistan-based mujahidin (holy-war fighters).

In addition to the withdrawal of Soviet troops, the Geneva accords also set out the terms of an Afghan national reconciliation, repatriation of refugees, and the formation of a broad-based government.

However, "not only have the millions of Afghan refugees been unable to return to their homeland, but we have been witnessing an increase in their numbers due to the escalation of the fighting and the destruction of their homes and property," said the secretary general.

He reiterated that all the provisions of the accords should be implemented in an integrated manner.

Security Council Continues Debate
OW1804073089 Beijing XINHUA in English
0127 GMT 18 Apr 89

[Text] United Nations, April 17 (XINHUA)—The UN Security Council today called for the establishment of a broad-based government in war-torn Afghanistan in its debate on the Afghan situation for the second day since last week.

Among the 11 speakers who took the council's floor today, Engin Ansary, permanent observer of the Organization of the Islamic Conference, said that the transfer of power to a broad-based interim government in Afghanistan, acceptable to the Afghan people, is a sine qua non for the restoration of peace in that country.

He said that such a government would also create conditions conducive to the voluntary return of the Afghan refugees and the exercise of the right to self-determination by the Afghan people.

Ever since the Soviet Union invaded Afghanistan in 1979, millions of Afghans have fled their country to seek refuge in neighboring Pakistan and Iran. According to UN statistics, about 3 million Afghans are now living in refugee camps in Pakistan and another 2 million in Iran.

The Security Council debate began last Tuesday at the request of the Kabul Government, a regime backed by the Soviet Union, to review the current situation in Afghanistan.

Reports from that country over the past few months said that serious fighting has been going on between the government troops and the Afghan resistance forces known as Mujahedin following the Soviet withdrawal from Afghanistan in February.

Samir S. al-Shihabi, representative of Saudi Arabia, said that the conflicts are a problem between the isolated regime in Kabul that refused to depart and the Afghan people who had rejected it.

Al-Shihabi's view was shared by most speakers who reiterated the need for a broad-based government fully representing the Afghan people, which they said has stood out as an essential element for a lasting solution to the problem.

As to Kabul's request for an international conference on Afghanistan, many delegates attending today's meeting shared the view that there is no need to hold such a conference because a mechanism—the UN Good Offices Mission in Afghanistan and Pakistan (UNGOMAP) has been established under the UN-sponsored Geneva Accords.

Also addressing the council, Thomas R. Pickering, U.S. ambassador to the United Nations, voiced his government's support for the UNGOMAP.

However, he said the United States will oppose any attempt to use those mechanisms to "perpetuate the illegitimate regime in Kabul" or to impose a political settlement on the Afghan people.

The Security Council meeting, which was chaired by Soviet Ambassador Aleksandr Belonogov, the council's president for the month of April, will resume its debate on the issue tomorrow.

According to a UN spokesman, a statement by the council on the issue might be expected at tomorrow's meeting.

China Attends UN Media Symposium in Poland
OW1704131789 Beijing XINHUA in English
1110 GMT 17 Apr 89

[Text] Krakow, Poland, April 16 (XINHUA)—The root-cause of regional conflicts remains unsolved and the international community is still facing threats despite an improved world political climate, a U.N. official told a symposium ended here today.

Therese Gastaut, a U.N. press organization official, said the world continued to be under the threats of the proliferation of nuclear and conventional weapons, constant political disputes, prevailing poverty and worsening environmental pollution.

Speaking at an international symposium of "The United Nations, Mass Media and Public Opinion," held April 13-16 near Poland's ancient capital of Krakow, she said the world situation is still complicated and full of dangers, warning that people should not forget these facts.

Gastaut urged the media of all countries to objectively reflect the world situation in their news stories while reporting the U.N. efforts to eliminate regional conflicts and "hot spots."

The international symposium was jointly conducted by the World Federation of U.N. Associations and the Polish U.N. Associations.

Attending the symposium were representatives from 14 countries including Bulgaria, China, Czechoslovakia, Cyprus, Democratic Germany, India, Britain, Poland, Mexico, Thailand, the United States, the Soviet Union and Norway.

The representatives discussed freedom of the press, reports on U.N. activities and exchanged views on building a new international information order.

Many representatives demanded a break of the monopoly of communication technology and U.N. news by the four major world news agencies and television stations owned by the United States, Britain and France.

They also appealed for an international communications law based on similar laws of all countries concerned.

International Urban Management Symposium Opens
OW1804000489 Beijing XINHUA in English
1412 GMT 17 Apr 89

[Text] Beijing April 17 (XINHUA)—An international mayors' symposium on urban management opened here today. More than 80 domestic and foreign mayors, and experts from research institutions are attending the symposium.

Some 20 mayors and experts from the United States, France, Peru, Mexico, Japan, and other countries will share their experiences with Chinese mayors and deputy mayors from 40 cities at the 5-day seminar.

They will also study the advanced personnel training and management of countries worldwide, and seek feasible ways to establish new urban management systems in China.

The symposium will also facilitate the establishment of business contacts between domestic and foreign cities.

Foreign Experts' Contribution to Development Noted
OW1504020089 Beijing XINHUA in English
1051 GMT 14 Apr 89

[Text] Beijing, April 14 (XINHUA)—The 36,000 foreign experts and staff now working in China have earned good reputations by their excellent performance and achievements in assisting the country's economic construction, today's OVERSEAS EDITION of the "PEOPLE'S DAILY" reported.

In recent years an increasing number of foreign experts have been invited to the country. In 1978, the world's most populous nation had only 1,000 foreign experts, but by last year the number of foreign experts employed by the state had reached 6,000—with an additional 30,000 working for Sino-foreign joint ventures.

The foreigners have actively promoted the country's economic construction, the paper said. Experts from the World Bank, Norway and Australia helped to cut the cost for the Lubuge hydropower project in southwest China's Yunnan Province by 36 million yuan (9.73 million U.S. dollars).

Federal German expert Werner Gerich, an experienced industrial manager, turned the money-losing, substandard Wuhan diesel engine plant in central China's Hubei Province into a first-class factory, the paper added.

A few years ago, only big enterprises like the Shanghai Baoshan Iron and Steel Complex were authorized to invite foreign experts. Now many collectively-run companies and plants are doing the same thing, thanks to the country's more flexible "open door" and economic policies.

Many foreign specialists are now "managing" Chinese employees in factories, businesses and other work units, and since last year a new system of inviting foreign experts has appeared.

Foreign managers can now sign a contract with a Chinese employer making them, rather than the employer, responsible for the company's profits and losses for the duration of their contracts, the paper said.

The paper stressed the special contributions made by foreign experts to China's higher education, and cited a professor from Hokkaido University in Japan who used his pay to establish a scholarship for promising Chinese students when he worked in China.

Before 1979, the paper said, many Chinese scholars, students or professionals in other fields missed opportunities to go abroad for further study because of their failure to master foreign languages. The number has diminished since foreign teachers were invited to teach their native languages, the paper asserted.

And accomplished foreign experts have been rewarded by their departments and units. Some were designated "excellent teachers" at the provincial level, female experts won kudos as "National Red Banner Pacesetters of March 8th," and still others were lauded as "model workers" by their Chinese comrades, the paper said.

United States & Canada

PLA General Fetes U.S. Air Force General
OW1704225589 Beijing XINHUA in English
1339 GMT 17 Apr 89

[Text] Beijing, April 17 (XINHUA)—General Wang Hai, commander of the Air Force of the Chinese People's Liberation Army (PLA), hosted a banquet for General Larry D. Welch, chief of staff of the United States Air Force, and his party here tonight.

Proposing toasts at the banquet, both Wang and Welch stressed that they should learn from each other and work hard to expand the friendly relations between China and the United States, between the two armed forces and between the two air forces in particular.

The U.S. Ambassador to China Winston Lord was present at the banquet.

Welch and his party arrived here today on a friendly visit to China at General Wang's invitation.

This afternoon, Wang presided over a ceremony welcoming the U.S. visitors at the site of the Chinese Air Force headquarters.

Zhao Zhihao Greets Texas Republican Delegation
SK1804074389 Jinan Shandong Provincial Service
in Mandarin 2200 GMT 17 Apr 89

[Text] On the afternoon of 17 April at Nanjiao Guesthouse, Zhao Zhihao, deputy secretary of the provincial party committee and governor of the province, met with a delegation of noted personages of the Republican Party from the U.S. state of Texas headed by George Strake, former chairman of the Republican Party in Texas, and expressed his welcome to the American guests.

The five-member delegation arrived in Jinan on 16 April for a friendly visit to our province. At the invitation of the Chinese Association for International Understanding, the delegation visited our province with a view to further exploring the possibility of establishing friendly relations between Shandong Province and Texas, and to promoting the development of cooperative ties.

Beijing-Canadian Trade Symposium Opens
OW1804000189 Beijing XINHUA in English
1430 GMT 17 Apr 89

[Text] Beijing, April 17 (XINHUA)—The first symposium on trade between Beijing and Canada opened today at Beijing's Jinglun Hotel.

Earl G. Drake, Canadian ambassador to China, briefed more than 100 Beijing officials and experts from industrial and commercial, trade, science, and technical circles on the Canadian investment environment and market information.

He said that China and Canada can cooperate in many fields. So far, Canada has established joint ventures in Guangdong, Shanghai, Tianjin, and Beijing.

The ambassador said he thought that there was great potential for China to boost its exports to Canada.

Zhang Jianmin, vice mayor of Beijing, said that the symposium is a good way for traders from Canada and China to get to know each other.

After watching a videotape on the Canadian economic situation at the symposium, Zhang said that the Chinese side was deeply impressed by Canada's posts and telecommunication and agriculture.

He said that China and Canada have a bright future for cooperation not only in agriculture but also in industry, finance, and other fields.

According to statistics, the total volume of products exported from Beijing to Canada was 20 million U.S. dollars-worth in 1988—mainly textiles and garments.

The 3-day symposium is jointly sponsored by the Canadian Embassy, Beijing Municipal Foreign Economic Relations and Trade Commission, and Beijing Municipal Council for the Promotion of Trade.

Northeast Asia

Tokyo Governor Visits Sister City Beijing
OW1504203489 Beijing XINHUA in English
1510 GMT 15 Apr 89

[Text] Beijing, April 15 (XINHUA)—Beijing mayor and Tokyo governor expressed satisfaction here today with friendly exchanges between the two cities since they became sister cities ten years ago.

Shunichi Suzuki, governor of Tokyo metropolitan, and Beijing Mayor Chen Xitong signed a summary of minutes on continuing friendly exchanges here today.

The two leaders agreed that such exchanges will help promote relations between the two cities and the two countries.

They agreed that the two cities have both benefited from exchanges in city management and construction over the past decade.

During his stay here the Tokyo governor, who arrived here this afternoon, is to attend a Beijing-Tokyo symposium on city development, the Sino-Japanese Great Wall Marathon Relay Race and a performance by the Tokyo Symphony Orchestra.

Meets With Yao Yilin

OW1704121189 Beijing XINHUA in English
1105 GMT 17 Apr 89

[Text] Beijing, April 17 (XINHUA)—Chinese Vice-Premier Yao Yilin here today met a delegation from Tokyo led by Shunichi Suzuki, governor of Tokyo metropolitan.

The delegation arrived here last Saturday for a friendship visit at the invitation of the Beijing municipal people's government. 1989 is the 10th year since Beijing and Tokyo became sister cities.

Yao said that the Sino-Japanese relations have entered a new stage, so have the ties between Beijing and Tokyo. He hoped the two cities will take the lead in promoting Sino-Japanese friendship. He also encouraged the two cities to strengthen research and cooperation in municipal development.

Attends Symphony Concert

OW1704225789 Beijing XINHUA in English
1353 GMT 17 Apr 89

[Text] Beijing, April 17 (XINHUA)—The 100-member Tokyo Metropolitan Symphony Orchestra gave a performance here tonight to mark the tenth anniversary of establishment of friendly ties between Tokyo and Beijing, enthraling a capacity crowd of some 1,000 local music-lovers.

The repertoire included works of P. Tchaikovsky and J. Brahms.

Present on the occasion were Mayor Chen Xitong of Beijing and visiting Governor Shunichi Suzuki of the Tokyo metropolitan government.

Tokyo Legislative Delegation Arrives in Harbin
SK1804080989 Harbin Heilongjiang Provincial
Service in Mandarin 2100 GMT 15 Apr 89

[Text] At the invitation of the Harbin city People's Congress Standing Committee, an eight-member legislative assembly delegation from Sinagawa-ku, Tokyo Prefecture, led by President (Koki Kyosei), arrived in Harbin by train at noon on 15 April.

In the afternoon, the delegation paid an official visit to the Harbin city People's Congress and the city government. Wang Rensheng, chairman of the Harbin city People's Congress Standing Committee, and Li Jiating, vice governor of Harbin city, met with the delegation. In the evening, Wang Rensheng, chairman of the Harbin city People's Congress, held a banquet to welcome President (Koki Kyosei) from Sinagawa-ku and his entourage.

Delegation From Japan's Osaka Visits Shanghai
OW1704070389 Shanghai City Service in Mandarin
2300 GMT 13 Apr 89

[Text] A delegation from Japan's Osaka Prefectural Council arrived in Shanghai by plane at noon on 13 April. The delegation, led by [name indistinct], speaker of the Osaka Prefectural Council, is visiting Shanghai at the invitation of the Shanghai Municipal People's Congress Standing Committee.

The Municipal People's Congress Standing Committee gave a banquet in honor of the Japanese guests on the evening of 13 April. Chairman Ye Gongqi spoke first. On behalf of the Municipal People's Congress Standing Committee and the Shanghai people, Ye Gongqi expressed his warm welcome to Speaker [name indistinct] and his party. Speaker [name indistinct] also delivered an ebullient and friendly speech.

On the afternoon of 13 April, the Japanese delegation called on the Shanghai Municipal People's Congress Standing Committee and the municipal government. Chairman Ye Gongqi and Mayor Zhu Rongji had a friendly conversation with the Osaka speaker.

Shanghai Leaders Meet Japanese Businessmen
OW1804005189 Shanghai City Service in Mandarin
2300 GMT 14 Apr 89

[Text] Jiang Zemin, secretary of the Shanghai Municipal CPC Committee, and Huang Ju, vice mayor of Shanghai, had separate meetings yesterday with a delegation from Japan's Fujitsu Company headed by (Yamamoto Sashin), president of the company.

The hosts and the guests exchanged views on promoting cooperation in the field of electronics industry.

Japan Receives Waste Gas Purification Catalyst
HK1404143589 Beijing CEI Database in English
14 Apr 89

[Text] Hangzhou (CEI)—China has exported to Japan one ton of the NZD type of waste gas purification catalyst.

The catalyst is developed by Hangzhou University in Zhejiang Province. With a precious metal as its principal active ingredient the catalyst is mainly used to purify organic waste gas from the printing and chemical industry. Under normal conditions its purification rate is up to 95 percent and more.

A contract has been signed between Hangzhou University and a Japanese firm to sell five tons of the catalyst to Japan this year.

Trade Volume With Japan Up in First Quarter
HK1404142189 Beijing CEI Database in English
14 Apr 89

[Text] Beijing (CEI)—Latest statistics released by the General Administration of Customs indicated that Sino-Japanese import and export trade volume in the first quarter this year reached 3.993 billion U.S. dollars, up by 14.11 percent over the same period last year.

China's import and export volume in the quarter valued respectively at 2.32 billion and 1.67 billion dollars, with 648 million dollars of deficit.

In March, China exported 699.5 million dollars of commodities and imported 994.6 million dollars, with an increase of 144 million and 269 million dollars respectively over the previous month.

Trade Volume With South Korea Viewed
HK1404142589 Beijing CEI Database in English
14 Apr 89

[Text] Beijing (CEI)—The Sino-South Korean trade volume reached 4.19 million U.S. dollars in the first quarter, according to latest figures by China's General Administration of Customs.

China's export was 30,000 dollars, import 4.16 million dollars, with a deficit of 4.13 million dollars.

The first ever statistics about the Sino-South Korean trade by China's customs was released last month. The first two months saw a total of 2.93 million dollars of trade volume between the two sides, 20,000 dollars of which was exported by China.

According to experts, the non-official trade between the two sides has already existed for some time. Some South Korean businessmen will be invited as special delegates to China's export commodities fair beginning on April 15 in Guangzhou.

Commercial Air Links To Open With Seoul
HK1504004089 Hong Kong TA KUNG PAO
in Chinese 15 Apr 89 p 1

["Special Dispatch": "Air Service Between Shanghai and Seoul To Open Next Month"]

[Text] Beijing, 14 Apr—According to the departments concerned, charter flights between Shanghai and Seoul will commence on 2 May. South Korea's airline company will assign a Boeing 727 for these unscheduled flights, and it is estimated that there will be one flight a week. The South Korean delegation attending the Asian Development Bank meeting will travel on the 2 May charter flight to Shanghai.

A relevant source also revealed that China will set up a commercial office in South Korea. He said that as economic and trade relations expand between the two sides, it is essential to set up such offices in order to protect the economic interests of each party. However, he pointed out that we are not prepared to develop relations into formal official relations; we will only maintain unofficial relations.

Southeast Asia & Pacific

Vietnam's Statement on Troop Withdrawal Analyzed
HK180404 2289 Beijing RENMIN RIBAO in Chinese
13 Apr 89 p 3

["International Outlook" column by Sai Bei (1049 0554):
"Opponent That Should Be Dealt With Carefully"]

[Text] In the "International Outlook" column carried on 10 April, this paper evaluated the 5 April statement of the Vietnamese authorities on troop withdrawal. When reading the statement of the Vietnamese side, this writer found that the method used to make this statement and some of the arguments painstakingly set forth by the Vietnamese side were so out of the ordinary that it is necessary to carefully ponder something lying behind it. The more I read it, the more I thought that the Vietnamese authorities are a cunning opponent with whom the international community should deal carefully.

The present announcement was made in the form of a joint statement by the Vietnamese, Laotian, and Phnom Penh regimes. This has created the following effect: Whoever accepts the bait of Vietnamese troop withdrawal by the end of September based on the joint statement will have simultaneously recognized the Phnom Penh puppets as a legitimate government like the Vietnamese or Laotian Governments. The Vietnamese authorities had tried without success to use every means to legalize its Phnom Penh puppets. Now, they have again tried to take advantage of the expectations of the international community for Vietnam to pull out its troops by the end of September to lure people into recognizing the the Phnom Penh regime. This can only show the Vietnamese authorities are still trying to force the international community to recognize the accomplished fact brought about by the aggression.

In promising to withdraw their troops, the Vietnamese authorities have attached a string, namely, stopping "all foreign intervention in and all military aid to" the "civil war" in Cambodia. By using this argument, the Vietnamese authorities attempted to regard the Cambodian issue as a "civil war" between the Phnom Penh regime and all factions opposed to it, thus clearing the Vietnamese authorities of the charge of being an aggressor, while support for the Cambodian people's resistance to Vietnamese aggression constitutes "interference" in Cambodian internal affairs. This argument of mixing up black and white fully shows that the Vietnamese authorities

still have no intention of mending their ways and that they only want to use the empty promise of troop pullout to stave off international public opinion.

What is most ridiculous about the Vietnamese authorities' promise for troop withdrawal is that they have voluntarily acted as an arbitrator by appointing the members of the international supervisory organ. The fact that an aggressor appoints an international supervisory organ to supervise the withdrawal of the aggressor troops can be regarded as a rare "pioneering undertaking" in the history of international relations. By setting forth this argument the Vietnamese authorities simply want to dress themselves up as a third party. This trick, which is aimed at covering something up, has instead proven that the so-called "troop withdrawal" by the Vietnamese authorities has many ulterior motives. Therefore, they dare not let the UN peacekeeping force supervise the troop withdrawal on behalf of the international community.

The Vietnamese authorities have to no avail invaded Cambodia for 10 years. Under pressure at home and abroad, they cannot help but to pull out their troops. Meanwhile, they want to save a little face, which is understandable. However, to save face and change their international image, they will unconditionally withdraw all their troops. A case in point is the Soviet Union, which has received a favorable reaction in the world by unconditionally pulling out all its troops from Afghanistan. Since intruding into Cambodia, the Vietnamese authorities have displayed a strong flavor of Middle Age diplomacy in their diplomatic style. This is unworkable in contemporary international politics and international relations. If they continue to think themselves clever and use cunning means to deceive the international community, they will only lose more face.

Indonesian Trade Delegation To Visit PRC
OW1804103089 Beijing XINHUA in English
1805 GMT 17 Apr 89

[Text] Hong Kong, April 17 (XINHUA)—The China Committee of the Indonesian Chamber of Commerce and Industry (Kadin) will send a 20-member trade delegation led by H. Budiharjo Sastrohadiwiryo to China for a nine-day visit, according to an OANA-ANTARA report from Jakarta today.

The report quoted Budiharjo as saying that while in China, the delegation, consisting of prominent Indonesian businessmen, including Rusmin Nuryadin, the former minister of communications, will visit various industrial and trade centers, such as Hangzhou, Shanghai and Beijing.

In the three cities the Indonesian businessmen will explore the possibility of increasing trade flow between Indonesia and China in line with recent economic developments, Budiharjo said.

In Beijing, he said, the Indonesian businessmen will hold discussions with their Chinese counterparts on efforts to step up trade relations between the two countries.

In addition, the delegation will also make preparations for the Indonesian participation in the Beijing fair scheduled for next July, he added.

Concerning trade promotion in China, Budiharjo said the delegation will offer various Indonesian products, such as prefabricated wooden houses, shoes, particle board, medicines, sawn timber, leather products, plastic goods and household utensils.

A memorandum of understanding on direct trade between Indonesia and China was signed on July 5, 1985 in Singapore by representatives of Kadin and the Chinese Council for the Promotion of International Trade (CCPIT).

Australian Minister Urges Increased Trade
OW1704201989 Beijing XINHUA in English
1545 GMT 17 Apr 89

[Text] Canberra, April 17 (XINHUA)—Australian Minister for Resources Peter Cook urged Australian and Chinese businessmen today to take advantage of changes in economic policy and management in both countries to promote a closer trading relationship.

He was opening the Sixth Chinese-Australian Senior Executive Forum in Perth, western Australia.

The forum is being attended by 40 Chinese delegates from both government and business enterprises and about 80 Australian businessmen and representatives of state governments.

Cook said there was no doubt that the two countries had established a healthy long-term trading relationship. But he added that "there is significant scope to widen and deepen that buyer-seller relationship through increasing integration of our traded goods and service sectors."

Sino-New Zealand Venture in Guizhou Approved
OW1804040889 Beijing XINHUA in English
1210 GMT 17 Apr 89

[Text] Guiyang, April 17 (XINHUA)—A Sino-New Zealand forage grass seed farm in Guizhou Province has been approved.

The first of its kind in China, the 247-hectare farm is equipped with advanced technology and facilities imported from New Zealand.

China has 6.67 million hectares of natural grassland with lower quality grass in its southern part.

In 1983, this southwest Chinese province signed a 5-year technical cooperation agreement with New Zealand and imported 60 varieties of quality grass seed from that country.

After years of experimentation, the province has elected to grow 18 varieties of New Zealand pasture grass which can be adapted to China's natural conditions.

So far the farm has supplied 20,000 kg of seeds to other Chinese farms.

According to farm technicians, the output will be 10 times that of the country's natural grass.

The farm will also help China grow grass on bare hills and slopes, the experts said they believed.

TV Drama on New Zealand's Rewi Alley Aired
OW1804111189 Beijing XINHUA in English
1208 GMT 17 Apr 89

[Text] Lanzhou, April 17 (XINHUA)—A six-part TV drama, "Rewi Alley and George Kirk," which deals with the life of the renowned New Zealander as he attempted to set up workers' co-operatives in Shandan and Gansu, was aired for the critics last Friday and was well received.

Born in New Zealand in 1897, Rewi Alley arrived in China in 1927 and in 1938 began organizing his famous "gungho" ("work together") industrial co-operatives. Later, Alley and a friend, the young British journalist George Kirk, founded the Shandan "Bailie" school (named after a long-time friend of China) to help train peasant workers.

George Kirk died in an accident in July, 1945, but Alley continued to run the school until the founding of the New China in 1949.

Alley, who remained in China and died of cerebral thrombosis and heart failure in Beijing in December, 1987, reminisced shortly before his death that he still regarded Shandan as his "second home."

The real-life nephews of Alley and Kirk play the roles of the drama's two heroes. The large cast also features local leaders, students, citizens and soldiers still living in Shandan.

The drama will be shown publicly next month.

West Europe

Gu Mu Meets With French Delegation
OW1504214289 Beijing XINHUA in English
1452 GMT 15 Apr 89

[Text] Beijing, April 15 (XINHUA)—Gu Mu, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC),

met and gave a banquet here today for a delegation from the Economic-Social Council of France, which is headed by Jacques Pinet, director of the council's foreign relations section.

The visitors arrived here Wednesday to learn about China's economic situation and foreign economic relations and relevant laws.

Gu said that Sino-French cooperation in the economic, trade and technological fields has enjoyed "fine development" in recent years, but vast potential still exists.

China is ready to cooperate with France not only in major and high-tech projects, but also in medium- and small-size projects, Gu said.

French Firm Fined for Fire
OW1404212889 Beijing XINHUA in English
1548 GMT 14 Apr 89

[Text] Beijing, April 14 (XINHUA)—The Beijing Fire Control Bureau announced Thursday that it had fined the French Societe Auxiliaire D'entreprises 50,000 yuan in foreign exchange, holding it responsible for a fire at the building site of the China World Trade Center in March.

An official of the bureau said the French company is the main contractor of the World Trade Center project.

He said that at midnight on March 1 the imported glass fiber heat-shielding material stored in a hall of the hotel building of the center by one of the project's subcontractors, Indeco Engineers Pte. Ltd. of Singapore, caught fire owing to an electrical short circuit.

The French company was negligent, he said, because it had no night watchman on duty and no fire-fighting equipment nearby. The fire caused over 100,000 U.S. dollars-worth of damage.

Fang Yi Hosts Reception for Italian Delegation
OW1704141689 Beijing XINHUA in English
1141 GMT 17 Apr 89

[Text] Beijing, April 17 (XINHUA)—Fang Yi, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), gave a reception here this evening to welcome a delegation from the Italian Guerrilla Association, which is headed by Remo Marletta, chairman of the association's Lazio regional branch.

The Italian visitors, all veterans of fighting the fascists in the 1940s, arrived here today as CPPCC's guests. They are scheduled to visit Shanghai and Xian later on.

Luxembourg Delegation Welcomed in Shanghai
OW1804012789 Shanghai City Service in Mandarin
2300 GMT 14 Apr 89

[Text] Jiang Zemin, honorary president of the Shanghai Association for the Promotion of Friendship with Foreign Countries, had a cordial meeting at the Shanghai Xijiao Guesthouse last evening with members of the Luxembourg Celebrities Delegation, headed by Franco, president of the Luxembourg-China Friendship Association.

Jiang Zemin also hosted a dinner in honor of the visitors after the meeting.

The 96-year-old Franco is an old friend of the Chinese people. This is his 55th visit to China.

Jiang Zemin extended his warm welcome to President Franco and the other Luxembourg visitors, hoping the friendship between the peoples in Shanghai and Luxembourg would continue to develop. He wished President Franco health and longevity, and hoped he would visit Shanghai again in the future.

FRG Foundation Opens Student Training Centers
OW1704080089 Beijing XINHUA in English
0617 GMT 17 Apr 89

[Text] Shanghai, April 17 (XINHUA)—A Federal German foundation has set up eight professional training centers in China to prepare Chinese students for different jobs.

The foundation already offers two-year training courses in Federal Germany.

Most of the Chinese students study physics, languages, literature, chemistry and biology.

Gventer Renner, director of the Scholarship Department of the foundation, said that the foundation plans to set up a training project covering agricultural economy in Shandong Province soon.

XINHUA Views Kohl Cabinet Reshuffle
OW1504010489 Beijing XINHUA in English
0853 GMT 14 Apr 89

["News Analysis: Kohl's Cabinet Shakeup Aims To Improve Image (by Hu Yongzhen)"]—XINHUA headline]

[Text] Bonn, April 13 (XINHUA)—Federal German Chancellor Helmut Kohl today announced a cabinet reshuffle, replacing eight ministers, including the defense, interior and finance ministers, in an apparent bid to end a popularity plunge which threatens his government's re-election chances in late 1990.

The reshuffle, the most sweeping since Kohl became the government head in 1982, followed a growing electoral challenge from opposition parties.

Speaking to 400 reporters here today, Kohl announced the appointments of new ministers for defense, finance, interior, transport, economic cooperation and construction, a new chief of the prime minister's office and a new government spokesman. The eight ministry changes, however, brought only three new men into the cabinet.

Political analysts said they were doubtful about whether such a recycled team could offer enough to solve major differences among the ruling parties and improve Kohl's coalition government's image and appease voters angry over recent tax hikes.

Since last summer, Kohl's current three-party coalition—the Christian Democratic Union (CDU), the Christian Social Union (CSU) and the Free Democratic Party (FDP), has been squabbling over major issues, such as reforms of taxation, health and pensions, the extension of compulsory military service and a rise in child subsidies.

Differences of opinion within the ruling parties and some of their measures which failed to enjoy popular support have reduced their prestige among voters and cost the ruling parties severe losses in recent local elections.

Following defeats in local elections in the state of Schleswig-Holstein State last May and West Berlin in January, Kohl's Christian Democrats and their junior coalition partner, the FDP, lost control of the Frankfurt city government in elections last month.

The series of defeats led to discontent within the main ruling party, the CDU. After the CDU's defeat in state elections in Hessen, Kohl said that "the situation is very serious" for his coalition's re-election next year and announced that he would be considering across-the-board changes to his cabinet.

But at a press conference today, Kohl denied the redistribution of ministerial hats was directly linked to the CDU's declining voter support.

"I consider this government reshuffle, which from its weight and extent is one of the most important in the 40-year history of the Federal Republic, as significant," Kohl told reporters.

Under the new leadership scheme, only three ministers were left jobless, including Defense Minister Rupert Scholz.

During Scholz's one-year tenure, German defense policy was increasingly the target of public criticism and discontent because of NATO's military maneuvers and low-level flying missions allowed over the nation's heavily populated areas. Low-level training flights led to several crashes last year and dozens of people were killed.

Public opinion shows that Kohl's coalition government would probably lose the country's next general election in December 1990 if it only reshuffles cabinet ministers and fails to readjust government policies.

Political & Social

Further Reports on Hu Yaobang's Death, Reaction

Memorial Meeting Planned

HK1804145089 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1413 GMT 18 Apr 89

["Hu Yaobang's Memorial Meeting Will Be Held in the Great Hall of the People on 22 April"—ZHONGGUO TONGXUN SHE headline]

[Text] Beijing, 18 Apr (ZHONGGUO TONGXUN SHE)—According to sources concerned, the CPC top leadership has decided that the memorial meeting for former party general secretary Hu Yaobang will be held solemnly in the Great Hall of the People in Beijing on 22 April.

It is said that the scale of the memorial meeting presided over by the CPC Central Committee will be similar to that for late Marshal Ye Jianying, and some 4,000 people will attend the memorial meeting.

The ceremony to pay last respects to the remains of Hu Yaobang will also be held on the same day.

Zhao To Lead Memorial Service

OW1804144489 Tokyo KYODO in English 1427 GMT 18 Apr 89

[Excerpt] Beijing, April 18 KYODO—A memorial service will be held at the Great Hall of the People Saturday [22 April] for the late Chinese leader Hu Yaobang, informed sources said Tuesday.

General Secretary Zhao Ziyang will preside over the service, with other top party and government leaders paying tribute, the sources said. [passage omitted]

'Thousands' Mourn Hu

HK1804015589 Hong Kong SOUTH CHINA MORNING POST in English 18 Apr 89 pp 1, 10

[From Seth Faison in Beijing]

[Text] Thousands of people yesterday took to the streets in Beijing mourning former Communist Party chief Hu Yaobang, while marching students openly called for more democracy and freedom.

Crowds in Tiananmen Square at one stage reached 4,000. Policemen kept a close watch on the orderly procession without interfering.

The march, not sanctioned by city authorities, marked the third day of student action to both commemorate the "enlightened" leader—ousted by hard-liners—and to call for more political reforms.

"Long live Hu Yaobang, long live democracy, long live freedom, long live the rule of law!" chanted about 600 students, fists raised, approaching the Monument to the People's Heroes.

Then the shouts changed to "Down with corruption, down with bureaucracy!"

They marched for four hours from their campus on the outskirts under a red banner bearing the name of their school—Law Department, Political Science and Law College—and sang the national anthem. A two-metre high wreath was carried on a tricycle.

At about 4 pm they added the wreath and flowers to 11 already at the foot of the monument.

"We are demonstrating for democracy," said one of the students, whose college enrolls many sons and daughters of high officials.

Another said: "Hu was better than any other contemporary leader."

Several hundred students from other colleges, such as the Beijing Aeronautical Institute, joined the demonstration.

Police took photographs but did not attempt to stop the rally. The crowd dispersed peacefully.

On-lookers said it appeared to be one of the biggest unauthorised demonstrations in central Beijing since April 5, 1976, when thousands gathered to mourn the death of Premier Zhou Enlai.

"We just want to express our grief over Hu Yaobang's death, because he was a great leader and his death is a loss to the nation," said one student. "We aren't making any political statement."

But another student, Mr Wang Zhixun, said the students were expressing dissatisfaction with the failure of China's leaders to institute democratic reforms.

"Hu Yaobang dared to speak out, and he said things we students supported," Mr Wang said.

The official XINHUA NEWS AGENCY briefly reported the mourning gathering but made no mention of the march of the students.

It also reported that General Secretary Zhao Ziyang asked an education forum in the Great Hall of the People to stand in silent tribute to Mr Hu yesterday.

In Shanghai, more than 1,000 students marched late on Sunday from Fudan University to Tongji University, singing odes originally written to honour revolutionary leader Mao Zedong but substituting Mr Hu's name.

Posters also went up on the Fudan campus echoing a slogan seen at Beijing universities: "Those who should not die have died, while those who should die live on."

Western diplomats said the student protests would exacerbate tensions between party hardliners and more liberal reformists who admired Mr Hu.

"The situation at the top of the party is not stable enough to allow them to tolerate this," a Western diplomat commented.

Mr Hu died on Saturday aged 73, after suffering a heart attack.

Further on Mourning Activities
OW1804103889 Beijing XINHUA in English
0958 GMT 18 Apr 89

[Text] Beijing, April 18 (XINHUA)—The death of Hu Yaobang, one-time head of the Communist Party of China (CPC), has evoked extensive shock and sorrow among people throughout China.

For the past few days people have been wearing black armbands, presenting wreaths and writing elegiac couplets to mourn this "long-tested loyal fighter for communism" who began his revolutionary career at the age of 14.

"Hu Yaobang's death is a great loss to the party, the country and the Chinese people," said Fu Xuejian, deputy secretary-general of the provincial People's Congress Standing Committee of Hunan Province, where Hu was born.

On March 28 this year, Fu said, he and other five deputies to the National People's Congress [NPC] and members of the National Committee of the Chinese People's Political Consultative Conference from Hunan were invited to have dinner at Hu's home.

Fu said "Hu told us that the situation of the reform is good. There are problems but they are not as serious as they have been described. He stressed his confidence in a bright future.

Lu Yanhao, a paleontologist at the Chinese Academy of Sciences, praised Hu as "the most esteemed president" of the Chinese Academy of Sciences. He said Hu enjoyed high prestige in the academy. His speeches were always exciting, he said.

People in Shaanxi Province cherish the memory of Hu's life in Shaanxi as the first secretary of the provincial committee of the Chinese Communist Party.

Zhu Zitong, chairman of the Advisory Commission of Xian City, the capital of Shaanxi, said Hu engaged in resolute struggle against "leftist" influences when he served as the first secretary of the CPC's Shaanxi Provincial Committee from 1964 to 1965.

On hearing of his death, people in Xian City placed wreaths in a central square.

At a preparatory meeting on April 16 for the Shanghai Municipal People's Congress session, Yu Guangyao, a deputy to the NPC and a middle school teacher from Chongming Island, said Hu Yaobang was full of vigor in his work, and amiable and easy to approach. He often made investigations at grassroot organizations, Yu said. When he was the general secretary of the CPC Central Committee he made an inspection of Chongming, and local residents there still remember him with affection, Yu said.

As a colleague of Hu while working for the Youth League Central Committee in the 1950s, Tong Ying, now head of the United Front Work Department of the CPC's Hunan Provincial Committee, said Hu was very energetic and devoted his whole energy to work. It was his consistent work style to seek truth from facts and do a good job, he said.

Some workers at the ongoing Guangzhou export commodities fair recalled Hu Yaobang's inspection of the annual fair in 1985. A veteran businessman said his remarks on encouraging localities, departments and enterprises to develop overseas business are still of great significance for the present time.

Students Demand Government Resignation
HK1804001089 Hong Kong AFP in English 0007 GMT
18 Apr 89

[Excerpt] Beijing, April 18 (AFP)—Ten thousand students gathered in the Chinese capital in the early hours of Tuesday chanting slogans in remembrance of former Communist Party chief Hu Yaobang amid calls for the government's resignation.

About 2,000 later walked and cycled through the night to the city's immense Tiananmen Square, about 15 kilometers (nine miles) from Beijing University, where they called for the government to resign and rehabilitate Mr. Hu, who died Saturday after a heart attack at the age of 74.

An AGENCE FRANCE-PRESSE [AFP] reporter at the square said the students, who arrived shortly before dawn, were greeted by about one hundred supporters waiting at the square's Monument of the People's Heroes.

"Even after his death, the spirit remains, it is eternal," said one student, referring to Mr. Hu, who was a staunch advocate of political and economic reforms before he was forced to resign in January, 1987 as general secretary of the Communist Party.

Since Mr. Hu's death, hundreds of posters have appeared in Beijing universities hailing the pro-democracy moves that he represented.

One student, speaking on behalf of the youthful crowd, demanded the resignation of the government and "public apologies for the errors" it has committed.

He also asked the nation's leaders to take Hu Yaobang's inspiration towards a "more open" political system and called for his rehabilitation.

Mr. Hu's resignation as general secretary been preceded by a nationwide outbreak of student demonstrations calling for more political democracy and freedom of expression.

News of his death Saturday prompted an emotional response at Beijing University, a traditional flashpoint of student unrest, where dozens of large-character posters were quickly erected to mourn his death.

Such posters are illegal under China's constitution.

Around 6,000 students had set off from Beijing University just after midnight Monday (1500 GMT Monday) towards Tiananmen Square in what an AFP reporter on the scene said was an orderly march that did not appear to have been planned in advance.

The demonstrators, on foot and on bicycles, carried banners with giant Chinese characters proclaiming "The spirit of China".

They went about one kilometer (0.6 mile) towards Tiananmen Square before stopping at the People's University of China, where students from both universities formed a crowd of around 10,000 people.

The majority of the crowd, aged between 18 and 20, then dispersed, but 2,000 students made the four-hour march into the town center. Most left the square after the speeches although a minority began a sit-in watched closely by police.

The midnight march was the latest in a series of gatherings, many of which included the shouting of pro-democracy slogans, since Mr. Hu's death.

Earlier Monday some 4,000 people had gathered in central Beijing after 700 students and teachers chanting pro-democracy slogans had marched in remembrance of Mr. Hu.

Reliable sources said that around a hundred students tried to place sprays of flowers at the foot of the Monument of the People's Heroes in Tiananmen Square Monday evening but were stopped by police.

In Shanghai, more than 500 students from Fudan University were joined by at least as many students from Tongji University and marched down the city's streets shouting pro-democracy slogans, a Western witness said.

Some 2,000 Fudan students gathered later Monday around pictures of the former Communist Party leader. [passage omitted]

Calls for Democracy, Law Noted
HK1804023789 Hong Kong HONGKONG STANDARD in English 18 Apr 89 p 1

[By Eileen Cheng in Beijing]

[Text] Some 6,000 people marched from Beijing University towards the city's Tiananmen Square early this morning, chanting pro-democracy slogans and carrying banners in remembrance of former Communist Party chief Hu Yaobang.

Columns of students, who had spent the night on the campus eulogising Mr Hu and debating politics, set out on foot and bicycle from the university at 12:45 am [as published], according to an AGENCE FRANCE PRESSE correspondent.

The march comes at the end of a day in which students staged the largest demonstration for democracy and more freedom in China since December 1986.

The first march yesterday involved only about 600 students.

However, some onlookers marched alongside and a huge crowd formed at Tiananmen Square to commemorate the death on Saturday of Mr Hu, who was forced to resign as General Secretary of the Communist Party in January 1987, following similar student demonstrations.

"We demand law! We demand democracy!" shouted the students, who appeared orderly and well-organised.

"Oppose autocracy! Oppose bureaucracy!" they cried.

The demonstration began at Xidan, near the site of the Democracy Wall that drew crowds in 1979.

The procession was led by a huge floral wreath, carried on a cart, bearing the Chinese characters: "Eternal glory to Hu Yaobang."

The marchers, many of them wearing red scarves and holding aloft the flag of the Communist Youth League, once headed by Mr Hu, made their way along Changan Avenue, one of Beijing's main thoroughfares, and paused outside the main gate of Zhongnanhai, the exclusive compound where China's top leaders live and work.

After circling Tiananmen Square, the students advanced on the Monument to the People's Heroes, where they sang the Internationale and laid wreaths for Mr Hu.

The wreaths were placed in the same spot where in 1976 similar tributes dedicated to former Premier Chou Enlai sparked riots of opposition to the Government then led by Mao Zedong and the Gang of Four.

On that occasion, security forces, fearing mass protests during the radical Cultural Revolution, quelled the rally. Many people were killed.

Yesterday, the police kept a low profile throughout, despite earlier warnings that such marches would not be tolerated.

It was not immediately known whether the students had a permit for the march, but traffic guards were clearing a path for the marchers.

A crowd of 200 students and others remained at Tiananmen Square late into the evening, debating the pros and cons of democratic reform.

"Socialism is dead and we should all agree on that," one Beijing Teachers University student declared.

"We need stability first. Democracy can only come after stability," countered a grey-haired man who said he was 60.

A report from Shanghai, received yesterday, claimed more than 1,000 students marched late on Sunday from Fudan University to Tongji University, singing odes originally written to honour Chairman Mao but substituting Mr Hu's name.

The demonstration lasted more than two hours and broke up early yesterday, said Mr Jason Hurdado, of Portland, Oregon, who is teaching English at Fudan.

Authorities in Shanghai also made no efforts to interfere with the student activities.

Most of the students involved in yesterday's march in Beijing came from the Political Science and Law College of China, many being sons and daughters of important Chinese officials.

Young professors from the university joined the marchers.

"We think political reform has to go ahead, not stand still, the same as our students do," a 32-year-old law professor said.

"Hu Yaobang supported real reform, much more than these people now," he said, referring to China's current leaders.

About 50 students also went to the home of Mr Hu on a small alley off Nan-chang street, where they were solemnly received by one of Mr Hu's sons.

Neighbours gathered in the alley as the students, many wearing white carnations and black armbands, entered an unmarked pair of large red doors.

Students said that officials at their university did not attempt to dissuade them from marching, apparently because of orders from the central Government to permit orderly shows of respect for Mr Hu.

"How can they stop us from praising a great Chinese leader?" one student asked sarcastically.

However, several students agreed that their march was about a lot more than the death of Mr Hu.

They expressed their opposition to what they see as an autocratic government, calling for a real legal system to replace the rule by communist leadership that is seen as widely corrupted by personal connections at every level.

Mr Hu, who was blamed for failing to control widespread student demonstrations two years ago, is regarded by students as having supported political reform before he lost his job in January 1987.

Youth Paper on Mourning Hu

OW1804063689 Beijing XINHUA in English
0545 GMT 18 Apr 89

[Text] Beijing, April 18 (XINHUA)—The death of Hu Yaobang, member of the Political Bureau of the Chinese Communist Party Central Committee, came so suddenly that many Chinese found it hard to believe when they first heard of it, the "CHINA YOUTH NEWS" reports today.

Hu died of a heart attack at 7:53 on April 15.

The report says that at 3 o'clock that afternoon, after hearing about the news, a 21-year-old man stared blankly for a long while before he asked doubtfully, "Is this true?"

The young man was standing outside the wall of the Beijing Hospital in which the body of Hu Yaobang lay. The XINHUA NEWS AGENCY had filed the news 2 hours earlier. Premier Li Peng had discussed Hu's illness before leaving for Japan, but still the sudden news sounded unbelievable to him, as well as to many other Chinese, the paper said.

"I don't believe it," two college students, who were seeing friends off at the Beijing Railway Station, resolutely told a reporter. But even as they spoke, the first group of mourners had come to Hu's home to express their condolences and black-character posters with the words "Eternal Glory to Comrade Hu Yaobang" had appeared on the campus of Beijing University.

"He left so suddenly that none of us expected it," Hu's son told his friends, choking with sobs. He said Hu was in good spirits on the morning of April 15 after lying in bed for 7 days. Having heard no news broadcasts for

days, he was eager to learn of the latest developments at home and abroad. He even said light-heartedly that he should have a shave, his son said.

"Nobody had imagined that his life would be seized by extensive cardiac infarction after only a dozen minutes," his son said.

A 33-year-old cadre from Beijing's Shijingshan District said he couldn't sleep the night he heard the obituary. On the following afternoon he sent a self-made wreath with an elegiac couplet entitled "Devoting Himself Entirely to the Economic Reform" to the Monument to the People's Heroes in Tiananmen Square, where several wreaths had already been laid in front of the relief sculpture beneath the monument.

The paper says that a number of memorial activities have been spontaneously held in the past few days by people all over the country. In some colleges and government work units, mourning halls have been established.

A young teacher from the China University of Politics and Law, paying his last respects at the monument with hundreds of his colleagues and students, said that Hu Yaobang had made an indelible contribution to the process of China's reform and opening up to the outside world.

"It's an honor to our party that so many people are expressing their respect for him," he was quoted as saying.

A senior scientist, standing far away from the crowd, said that this was his second trip to the monument that day. He pointed at the large number of people gathered in front of the monument and said, "They certainly expressed my feelings."

Mourning, Calls for Change Linked

HK1804045389 Hong Kong SOUTH CHINA
MORNING POST in English 18 Apr 89 p 10

["Analysis" by Willy Wo-lap Lam: "Hu's Death a Ral-
lying Cry for the Liberals"]

[Text] As demonstrators again hit the streets, Beijing is trying to head off efforts by students and intellectuals to use the death of former party chief Hu Yaobang as a pretext to agitate for a quicker pace of reform.

According to Chinese sources, student firebrands want to link the commemoration of the liberal reforms of Mr Hu with the celebration of the "search for Mr Science and Mr Democracy" in the upcoming 70th anniversary of the May Fourth Movement.

They also want to revive the call for democratisation first raised by student demonstrators in late 1986.

Intellectuals such as theorists and writers Wang Ruowang, Li Honglin, Ge Yang, and Wu Zuguang have joined the Hu Yaobang family in asking that Beijing overturn the verdict on the deposed General Secretary.

Mr Hu, the leader of the liberal wing of the party, was deposed for "being weak and lax in the face of bourgeois liberalisation", the party's shorthand for Western political ideas.

Analysts believe that the demand for the rehabilitation of Mr Hu's reputation could be lumped together with the on-going signature campaign to release dissident Wei Jingsheng and other political prisoners.

So far, Beijing has tried to take a conciliatory attitude by not preventing students from demonstrating or putting up big-character posters, even though both gestures are illegal.

Beijing is also trying to cool emotions by preparing a high-level funeral for Mr Hu at the Great Hall of the People this coming Saturday—and heaping lavish praise on him in the media.

By so doing, the authorities hope to pre-empt non-official memorial services, or at least to prevent them from getting out of hand.

The Students' Association and the Association of Graduate Students of Beijing University are sponsoring official functions to commemorate Mr Hu.

For example, the two associations have set up a "receiving unit" to collect the views of students on the late party chief.

Both affiliates of the Communist Youth League, the two student associations are clearly trying to vent the feelings of students through legitimate channels.

According to Chinese sources, the official Chinese press has been asked to devote ample coverage to the achievements of Mr Hu.

The media is told to concentrate on the less controversial aspects of Mr Hu's career. For example, press articles have dwelled on how Mr Hu has helped save the lives and reputations of victims of the Cultural Revolution.

If student demonstrations continue, analysts say, Beijing may go so far as to partially clear Mr Hu's name in the eulogy to be delivered at the official memorial service next Saturday.

Analysts are not sure whether these moves will pacify students as well as intellectuals.

Chinese sources say that besides college students, journalists in radical media units are also using the occasion of honouring Mr Hu to press for major change.

For example, the WORLD ECONOMIC HERALD, ECONOMIC WEEKLY and THE NEW OBSERVER take the line that clamouring for democratisation is the best way to mourn for Mr Hu.

According to sources, the three papers and magazines, which have enjoyed Mr Hu's patronage, will run articles concentrating on how Mr Hu has dedogmatised Marxism and introduced liberal ideas from the West.

Indeed, articles have already appeared on the fact that in the last days of his life, Mr Hu has expressed concern on the fate of liberal intellectuals.

These articles have the effect of showing that the conservatives and their policies are still in power—and may galvanise the people for more action.

Sihanouk Sends Condolences

OW1704154089 Beijing XINHUA in English
1441 GMT 17 Apr 89

[Text] Beijing, April 17 (XINHUA)—Samdech Norodom Sihanouk sent a message of condolence on Sunday from Pyongyang to Chinese Communist Party General Secretary Zhao Ziyang on the death of Hu Yaobang.

Hu, member of the Political Bureau of the CPC Central Committee, died of a heart attack on April 15.

The message said, "The Kampuchean people, the Coalition Government of Democratic Kampuchea and I are shocked to learn and deeply grieved that Hu Yaobang died unfortunately."

It said Hu Yaobang "was a great patriot and revolutionary who had made historic contributions to the prosperity and flourishing of his own glorious motherland—the People's Republic of China and the happiness of the Chinese people."

The message expressed deep condolences to Zhao Ziyang and other Chinese leaders, the Chinese people, the CPC and family members of the deceased on the death of Hu Yaobang.

The message noted that Hu had done a lot for the success of the Kampuchean National Liberation struggle and his death has made Democratic Kampuchea lose a great and enthusiastic friend.

Kim Il-song Sends Message

OW1704153389 Beijing XINHUA in English
1422 GMT 17 Apr 89

[Text] Beijing, April 17 (XINHUA)—Kim Il-song, general secretary of the Central Committee of the Workers Party of Korea, sent a message on Sunday to Zhao

Ziyang, general secretary of the Central Committee of the Communist Party of China, expressing his condolences to the death of Hu Yaobang, Politburo member of the CPC.

The message said that "upon learning of the untimely death of Comrade Hu Yaobang, member of the Political Bureau of the Central Committee of the Communist Party of China, I, on behalf of the Central Committee of the Workers Party of Korea, the Korean people and myself, express deep condolences through you to the CPC Central Committee, the Chinese people and the family of the deceased."

It praised Hu as a loyal communist soldier who had made great feats for the Chinese party and people since he took part in the Chinese revolution in his early years.

It also said Hu had made a great contribution to strengthening and developing the friendship and unity between the peoples of Korea and China.

"Although Comrade Hu died, his feats will shine long," the message said.

Hu suffered a heart attack on April 8 while attending a meeting of the Political Bureau of the CPC Central Committee.

He was hospitalized and given all possible medical attention. He died of an extensive cardiac infarction at 7:53 AM last Saturday, at the age of 73.

GDR's Honecker Sends Zhao Message

OW1704175089 Beijing XINHUA in English
1547 GMT 17 Apr 89

[Text] Beijing, April 17 (XINHUA)—Erich Honecker, general secretary of the Democratic German Socialist Unity Party Sunday expressed his condolences on the passing away of Hu Yaobang, former general secretary of the Communist Party of China (CPC).

In a message to Zhao Ziyang, who succeeded Hu as the CPC general secretary in 1987, Honecker said he was shocked to have learned the death of Hu, "our long-tested friend and comrade."

"In the past decades, the endeavors for socialism, peace and the happiness of our two peoples have linked us with Comrade Hu Yaobang together," said Honecker who is also chairman of the Democratic German State Council.

"We will remember Comrade Hu Yaobang for ever," he said.

Hu died of a heart attack on Saturday. The CPC Central Committee in an obituary praised him as a great statesman and an outstanding leader.

A memorial meeting will be held in the Great Hall of the People in downtown Beijing, but the date has not yet been announced.

Maldives President Sends Message

OW1704141389 Beijing XINHUA in English
1335 GMT 17 Apr 89

[Text] Beijing, April 17 (XINHUA)—Maldives President Maumoon Abdul Gayoom Sunday expressed his condolences on the passing away of Hu Yaobang, former general secretary of the Communist Party Of China (CPC).

In a message to Zhao Ziyang, who succeeded Hu as the CPC general secretary in 1987, the president said Hu's "demise has no doubt been a great loss to the people of your beloved country."

Hu died of a heart attack on Saturday. The CPC Central Committee in an obituary praised him as a great statesman and an outstanding leader.

"In this hour of national grief, the government and people of the Republic of Maldives join me in expressing our heartfelt sympathies to Your Excellency, members of the Central Committee, and the friendly people of the People's Republic of China," Gayoom said.

A memorial meeting will be held in the Great Hall of the People in downtown Beijing, but the date has not yet been announced.

Further on Zhao Remarks to Education Reform

OW1704145589 Beijing Domestic Service
in Mandarin 0930 GMT 17 Apr 89

[From the "National Hookup" program]

[Text] The CPC Central Committee invited responsible persons from democratic parties and the All-China Federation of Industry and Commerce, as well as public figures without party affiliation, to a forum at the Great Hall of the People this morning to solicit their opinions about the committee's draft Decision on Some Questions Concerning the Development and Reform of Education. Leading comrades at the central level, including Zhao Ziyang, Li Peng, Qiao Shi, Hu Qili, Yao Yilin, Li Tieying, Song Ping, Rui Xingwen, Yan Mingfu, and Wen Jiabao, attended the forum to hear the opinions.

General Secretary Zhao Ziyang chaired the forum. At the beginning of the forum he suggested that all participants stand to pay silent tribute to and deeply mourn the passing of Comrade Hu Yaobang.

Zhao Ziyang addressed the forum. He said: All democratic parties have always been deeply concerned about and attached importance to education in China. Especially in recent years, they have made repeated appeals and offered many important opinions and suggestions on developing education. It should be said that these

opinions have greatly influenced and stimulated the CPC Central Committee. I think that consultations, discussions, and sincere dialogue between the CPC and democratic parties on the question of developing China's education are a good demonstration of the spirit of multiparty cooperation under the CPC's leadership.

Zhao Ziyang briefed the participants on the process of formulating the draft decision. He said: As this document was being drafted the CPC Central Committee Political Bureau Standing Committee held two meetings and the State Council held three meetings to discuss it. The document takes into account many valuable opinions on the question of education from democratic parties and people without party affiliation. On 8 April the CPC Central Committee Political Bureau held its 17th Plenary Session to discuss the draft decision. The session decided to solicit more opinions on this document.

Zhao Ziyang said: On 23 March this year Comrade Deng Xiaoping said in conversation with a foreign guest that the biggest error had been in the education field, and that political and ideological work had been weak and the development of education insufficient. The CPC Central Committee Political Bureau and the Bureau's Standing Committee endorsed the essence of this remark by Comrade Xiaoping. Comrade Xiaoping's meaning embraces school education as well as ideological and political work. Education in the spirit of hard struggle, patriotism, collectivism, and socialism and the building of overall spiritual civilization are important tasks concerning the improvement of the quality of the nation, the strength of our national unity, and the entire country's future. The party Central Committee has arranged for work in this regard and will undertake further study in order to strengthen this work in accordance with the essence of Comrade Xiaoping's remark.

The document to be discussed today deals mainly with school education. Of course, schools should also strengthen moral education.

Zhao Ziyang said: Comrade Xiaoping has always paid great attention to education work. He has repeatedly emphasized it and grasped it very firmly. On the whole, however, our education work is far behind Comrade Xiaoping's demands, the guidelines contained in the central authorities' relevant decisions, the expectations of the democratic parties and the masses of people, and needs of the four modernizations. Many problems that exist in education work are rather serious. The time has certainly arrived when it won't do for us not to solve these problems in a serious and systematic manner.

Zhao Ziyang pointed out: There is a lot of substantive work to be done in order to strengthen education. First and foremost, we must solve the question of understanding, especially understanding on the part of leading cadres at all levels with regard to the importance and urgency of developing education. He added: As long as

the whole nation and all of society attaches importance to education and is determined to take effective measures, we believe that China's education work has good prospects.

Zhao Ziyang expressed the hope that the participants in the forum would freely speak out on what they want to say and make concerted efforts to successfully revise the document in a spirit of sincerity.

Lei Jieqiong, chairman of the Central Committee of the China Association for Promoting Democracy; Sun Qimeng, chairman of the Central Committee of the China Democratic National Construction Association; Zhou Gucheng, honorary chairman of the Central Committee of the Chinese Peasants' and Workers' Democratic Party; Ding Shisun, vice chairman of the Central Committee of the China Democratic League; and Chen Mingshao, vice chairman of the Central Committee of the Jiusan Society, also made speeches at the forum. They expressed opinions on various issues, such as heightening the whole nation's understanding of education, gearing up ideological and political work, solving the problem of education's operating expenses, and raising remuneration for teachers.

Leading comrades including Xi Zhongxun, Peng Chong, Zhu Xuefan, Yan Jici, Rong Yiren, Fang Yi, Gu Mu, Yang Jingren, Zhao Puchu, Qu Wu, Sun Xiaocun, Cheng Siyuan, and Ismail Amat, as well as public figures of minority nationalities, personages from religious circles, responsible persons from the departments concerned and mass organizations, and some intellectuals without party affiliation—numbering more than 160 in total—were also present at the forum.

The forum will divide into group discussions beginning tomorrow.

Yang Shangkun Mourns Xiao Jingguang
HK1504031389 Beijing RENMIN RIBAO in Chinese
11 Apr 89 p 2

[Article by PRC President Yang Shangkun: "Mourning Comrade Xiao Jingguang"]

[Text] On the evening of 29 March, I was overwhelmed with grief when I heard the sad news of Comrade Xiao Jingguang's death. The country and the Army deeply regret the loss of such an outstanding leader.

I came to know Comrade Jingguang in 1927 when he went to the Soviet Union to study for the second time. At that time I was studying at Sun Yat-sen University in Moscow and he was studying military affairs at the Tolmachev military academy in Leningrad. After returning to the country, we got in touch with each other on several occasions and worked together for a time, during the war years and in time of peace. His conduct and revolutionary spirit made an unforgettable impression on me.

Comrade Jingguang devoted himself to the revolution when he was still young, and joined the CPC in 1922. In the 1920's he went to the Soviet Union on two occasions to study. He was among the veteran comrades who were the first to engage in military affairs. He acquired a high military theoretical understanding and took part in the practice of revolutionary war for a long time. He was both an outstanding military commander and a fine political worker. During the first and second revolutionary civil wars, he joined the northern expedition, guided his Army units in the "anti-encirclement campaign" in the Soviet zone in western Fujian, set up a revolutionary base area, and, with an outstanding political work performance, turned a Kuomintang [KMT] army unit that participated in the Ningdu uprising into a strong force of the people's army. During subsequent war years, he commanded many major battles, the most famous one being the Hengbao battle for "defending Linjiang" during the liberation war. During those difficult war years, he was active in studying military theories, and when working in the central Soviet area he engaged in the translation of the Soviet Red Army's "regulations for field operations." During his stay in Yanan, he wrote articles including "Tactics for Close Combat" and "Key Orders for Guiding Guerrilla Warfare," which were appreciated by Comrade Mao Zedong. He devoted all his life to the liberation of the Chinese people and the building of the people's army.

Comrade Jingguang had the revolutionary spirit of defying hardships, forging ahead indomitably, and starting a career through hard work. What was more valuable was his spirit of bravely blazing a new trail. When he was commander of a garrison, bandits kept harassing and undermining the Shaanxi-Gansu-Ningxia border region, while the Japanese aggressors were pressing closer and the KMT die-hards were creating frictions. The situation was very complicated. Under the direct leadership of the CPC Central Committee and Comrade Mao Zedong, Comrade Jingguang tackled the difficulties head on and organized the garrison in swiftly annihilating the bandits, repelling dozens of attacks by the Japanese aggressors, and smashing the sabotage and blockade of the KMT die-hards. After the founding of the PRC, Comrade Jingguang was authorized to organize and set up naval leadership organs and take charge of the building of the navy. During the difficult situation when the country's foundation for starting its industry and particularly its ship building industry was weak and cadres and soldiers did not have much knowledge about naval affairs, he took up heavy responsibilities, made nothing of hardships, conducted surveys of coastal areas, and led the navy in building a number of piers, defense positions, and airports. He pointed out that in building the navy it was necessary to do a good job in laying political, ideological, organizational, and technical "foundations." He took the lead in studying naval knowledge and guiding the construction of various technical academies, which soon turned out a large number of key leading cadres and professionals. He was active in exploring a development strategy for the people's navy and in raising

suggestions and opinions concerning the building of the navy. The development of the people's navy from small to big and eventually into a force with a certain amount of combat effectiveness was inseparable from Comrade Jingguang's spirit of hard struggle, farsightedness, and hard work.

Comrade Jingguang had firm party spirit and was bold in adhering to principles and upholding truth. When Wang Ming's "leftist" adventurist line was occupying a dominant position, he was branded as the "representative of Luo Ming's line in the Army" and was mistakenly handled. Although he was facing adverse circumstances, he endured humiliation to do his jobs well regardless of the post assigned to him. During the Cultural Revolution, he was attacked and persecuted by the Lin Biao and Jiang Qing counterrevolutionary cliques and many trumped-up charges were imputed to him. Even in a very difficult situation, he still maintained his firm revolutionary faith and carried out a resolute struggle. At the First Plenary Session of the Ninth CPC Central Committee, he did not vote for members of the Lin Biao and Jiang Qing counterrevolutionary cliques. He went to see Comrade Ye Jianying on two occasions and made important suggestions on how to solve the "gang of four" problem, displaying the loyalty of a veteran Communist Party member.

Since the 3d Plenary Session of the 11th CPC Central Committee, Comrade Jingguang had sincerely supported the line, principles, and policies of the party during the new period. In answer to the call of the CPC Central Committee, he withdrew to the second line. In his later years he was writing memoirs to sum up his experience in Army building, particularly the building of the navy. He left a valuable spiritual wealth to us.

Comrade Jingguang's life was a revolutionary life, a life of combat, and a life of glory. His revolutionary exploits, noble character, and devotion will live in the hearts of the people forever.

Fang Lizhi on Student Demonstrations, Dissidents
TA1804074089 Jerusalem Domestic Service
in Hebrew 0505 GMT 18 Apr 89

[Report on interview with Beijing Prof Fang Lizhi by Gid'on Remez; date and place not given—recorded; Fang's remarks in English, with translation into Hebrew by Remez]

[Text] [Remez] Some 2 years ago, Hu Yaobang was ousted from the post of party secretary general because of mass student demonstrations for the cause of democracy. The party conservatives said at that time that the reforms which Hu had pioneered got out of control. The student demonstrations were quelled, but the students' desire to honor Hu's memory provided them with an opportunity to resume them at present. This is what Beijing Prof Fang Lizhi, the most famous of PRC regime critics, told the Voice of Israel.

[Fang] I think most students want to mark the memory of Hu Yaobang, but I think the students also take this opportunity to advocate democracy and freedom.

[Remez] Astrophysicist Fang is considered to have been the spirit behind the student demonstrations in the past. He has recently returned to the headlines, after the authorities prevented him from accepting U.S. President George Bush's invitation to participate in events in his honor in Beijing. Although he was forbidden to teach political subjects, students often visit him at his home.

[Fang] You know, right now the students... I mean, in the past couple of years there have been many students in the movement, and I think most of it is spontaneous. I mean, no definite leaders.

[Remez] Due to the difficulties which the media encounters here, those dissidents who are not in jail contrive to maintain personal contacts, but not to set up an organization. China's famous economic openness is very limited when political issues are at stake, said the senior critic of the PRC regime to the Voice of Israel.

Former Judge Cited on Case of Wei Jingsheng
OW1804150689 Beijing in Mandarin to Taiwan
0205 GMT 28 Mar 89

[From "Rambling Talk on Current Events" program]

[Excerpts] Recently, signatures were gathered at home and abroad to call on departments concerned to release Wei Jingsheng and other political prisoners. They also called for an amnesty for Wei Jingsheng and others.

Who is Wei Jingsheng? What crimes on earth has he committed? Is he a political prisoner? To understand these questions, this reporter visited the responsible person of the Beijing Municipal Intermediate People's Court and the Beijing Municipal Higher People's Court, who tried the Wei Jingsheng case. (Tang Zhanyun), who was then the judge who tried the Wei Jingsheng case and is now vice president of the Beijing Municipal Higher People's Court, briefed this reporter on how Wei Jingsheng was arrested 10 years ago and sentenced to 15 years' imprisonment, according to law.

(Tang Zhanyun) said: Before his arrest, Wei Jingsheng was a worker with the Beijing Municipal Public Park Service Administration. In February 1979, on the 4th day after China launched the self-defensive war against Vietnam to protect our border areas, Wei Jingsheng supplied a certain foreigner with military intelligence, including the names of the commanders of China's units engaged in the war, military strengths, the progress of the war, and casualties. Vice President (Tang Zhanyun) said: Wei Jingsheng's selling intelligence was a clear fact, for which there was conclusive evidence. (Tang Zhanyun) showed this reporter notes Wei Jingsheng personally wrote when he offered a foreigner military intelligence.

(Tang Zhanyun) said: On 16 October 1979 the Beijing Municipal Intermediate People's Court openly tried the Wei Jingsheng case. The public prosecutor instituted proceedings against Wei Jingsheng at that time. In addition, Wei Jingsheng was also charged with publishing 10 articles from December 1978 to March 1979 under the names (Jing Sheng) and (Jin Shen); in the name of the editorial department; or as commentaries in four issues of TAN SUO, a monthly of which he was editor in chief. In these articles Wei Jingsheng incited the masses to seize power. [passage omitted]

Some people have said that Wei Jingsheng is a political or ideological prisoner. In this connection, Vice President (Tang Zhanyun) said: Wei Jingsheng is not a so-called political or ideological prisoner. China has no political or ideological prisoners. Neither the "Regulations on Punishing Counterrevolutionaries," which formed the basis of Wei Jingsheng's trial, nor the criminal law effective 1980 include provisions on political or ideological crime. An idea belongs to the ideological sphere. It cannot be used as good grounds to pronounce someone guilty. In the Cultural Revolution Lin Biao and the gang of four did something with ideological prisoners. After smashing the gang of four we redressed all these mishandled cases. This proves that we are opposed to the concept of the ideological prisoner. Using democracy as his slogan, Wei Jingsheng carried out activities to subvert our government and oppose the socialist system. He broke the law and committed counterrevolutionary crimes. [passage omitted]

On the question of whether Wei Jingsheng can be released under a general amnesty or a special amnesty, (Tang Zhanyun) said China's current Constitution retains special amnesty but stipulates no general amnesty. Therefore, though some people call for granting amnesties to Wei Jingsheng and other criminals, their voice runs counter to the Constitution in force. As for special amnesty, the Constitution stipulates that this is one of the NPC Standing Committee's powers and functions. Therefore, legal procedure must be followed and the NPC Standing Committee may decide. However, according to the criminal law, special amnesty can apply only to criminals who really want to mend their ways after being reformed for some time.

According to the Reform Through Labor Work Administration under the Ministry of Justice, in the past 10 years the imprisoned Wei Jingsheng has resisted reform and shown no sign of repentance. For instance, so far he has still refused to tell how he collected military intelligence and who revealed military secrets to him. This being the case, it would be very difficult to apply special amnesty to him.

Commentator on Improvement, Rectification
HK1804114289 Beijing RENMIN RIBAO in Chinese
13 Apr 89 p 1

[Commentator's article: "Improve the Economic Environment and Rectify Economic Order With One Heart and One Mind"]

[Text] Improving the economic environment and rectifying the economic order with one heart and one mind are the basic contents of the first part of the Government

Work Report delivered by Premier Li Peng at the Second Session of the Seventh NPC. Moreover, improving the economic environment and rectifying the economic order is also a new demand put forward by the State Council on the responsible persons of the people's governments at all levels and on the responsible persons of the various government departments. Such a new demand is aimed at stabilizing our country's economy and deepening our country's reform.

Whenever we talk about improving the economic environment and rectifying the economic order with one heart and one mind, we mean that all the comrades should go all out to do a good job in improving the economic environment and rectifying the economic order of our country. In order to do a good job in improving the economic environment and rectifying the economic order, all our comrades and all the people of our country should first of all unite as one and come to understand the grave economic situation of our country. Only by unifying people's understanding will it be possible for us to enable all the people to make concerted efforts to in this regard. Why have we failed to make any significant progress in cutting down on our country's investment scale, curbing our country's consumption demand, readjusting our country's economic structure, rectifying our country's circulation order, and so on? Why have some localities and departments failed to make earnest efforts to carry out the relevant measures aimed at improving the economic environment and rectifying the economic order of our country? Why have some localities and departments adopted some countermeasures to protect their partial and local interests while implementing the measures aimed at improving the economic environment and rectifying the economic order? This is because some of our comrades still lack a clear understanding of the grave economic situation of our country and still lack a clear understanding of the necessity of carrying out improvement and rectification.

Some of our comrades have simply chosen to leave things to chance. They think that between 1985 and 1987, the central authorities also, on several occasions, demanded enforcing the retrenchment policy, but eventually had to give it up. Nevertheless, our country magically withstood such strains. Here, what these comrades have failed to see is that the current economic readjustment of our country is different in nature from the one our country implemented a few years ago. The major difference between the two is that our country's current inflation rate is much higher than our country's inflation rate a few years ago. A few years ago, our country's commodity prices went up by only 6 to 8 percent, which was still acceptable to the broad masses of the people, enterprises, and the state. Last year, our country's commodity prices went up by 18.5 percent, the impact of which was impossible for the broad masses of the people, enterprises, and the state to withstand. Moreover, the state foreign exchange balance and the state reserve of important goods and materials have obviously decreased; supply has fallen far short of demand; the

state is now being weighed down by its heavy debt burden and is approaching the peak period for repaying both foreign and domestic debts. A few years ago, our country could still withstand such strains. But now, our country has only limited room for maneuvering and is virtually incapable of withstanding the current strains. If we failed to do a good job in improving the economic environment and rectifying the economic order of our country, our country's current inflation would become more serious and our country would face more serious economic and political consequences. Therefore, improving the economic environment and rectifying the economic order of our country is the only way out for our country if our country really wants to extricate itself from the present dire straits. Now more and more people have come to understand this.

Nevertheless, in the process of improving the economic environment and rectifying the economic order, we are bound to come across a lot of difficulties and meet a lot of new problems. For example, if we slow down our country's economic development and cut down on our country's capital construction scale, more people in our country will lose their jobs, the building of some of the capital construction projects will have to be stopped or suspended, which will in turn incur some economic losses, and the living standards of some of our country's urban and rural residents will be lowered. We have to pay such a price. If we failed to take immediate actions, we would have to pay a much bigger price in the future.

Now some comrades think that improving the economic environment and rectifying the economic order is the work of the central authorities and the State Council. We cannot say that such a view is an erroneous one. However, we can certainly say that such a view is an incomplete one. The CPC Central Committee and the State Council should be held responsible if they fail to timely formulate correct policies in accordance with the realities of our country. However, the fact is that the policies of improving the economic environment, rectifying the economic order, and deepening the reform were formulated at the 3d Plenary Session of the 13th CPC Central Committee. Furthermore, some specific measures for improving the economic environment and rectifying the economic order have already been formulated by the State Council. Practice has proven that these specific measures are correct ones. The recent NPC meeting also officially adopted these specific measures for improving the economic environment and rectifying the economic order. Under such circumstances, whether or not we will be able to achieve the desired results in improving the economic environment and rectifying the economic order will only be determined by whether or not the comrades in the people's governments at all levels and in the various government departments will implement to the letter the principles, policies, and measures formulated by the CPC Central Committee and the State Council with one heart and one mind.

GUANGMING RIBAO on End of NPC Session
OW1704024089 Beijing GUANGMING RIBAO
in Chinese 5 Apr 89 p 1

[GUANGMING RIBAO 5 April editorial: "Realistically Promote Improvement of the Economic Environment, Rectification of Economic Order, and Deepening of Reform—Greeting the Conclusion of the Second Session of the Seventh National People's Congress"]

[Text] The Second Session of the Seventh National People's Congress [NPC], through hard work by all deputies to the congress, successfully completed its planned tasks yesterday under the enthusiastic solicitude of people of various nationalities throughout the country. We wish to congratulate the success of this session.

The session lasted 16 days. With the sense of responsibility for being the masters of the country and the heavy tasks entrusted by the people, the deputies actively put forward proposals to reflect the wishes of the people, expressed their opinions freely, and seriously deliberated on the report on the work of the government, other reports by responsible persons of departments concerned, laws, draft laws, and regulations. They offered many valuable suggestions and expressed their opinions on revising those reports and laws. The deputies are convinced that the report on the work of the government by Premier Li Peng stressed the key points, and was made in the spirit of seeking truth from facts. They not only affirmed achievements in improving the economic environment and rectifying economic order, but also frankly pointed out mistakes in guidance. This shows that the leader of the State Council has the courage to take up the responsibility and the spirit of daring to face up to difficulties and problems. This spirit is highly commendable and very necessary. In their discussions, the deputies to the congress conscientiously, earnestly, and soberly analyzed various problems, including the overheating of the economy, mistakes in work related to education, failure in the control of population, the rise in commodity prices, the shortage of energy sources, and other hot issues of society. They analyzed the root cause of those problems, and put forward measures to solve them. In particular, they stressed the need to further improve the making of policies by governments at various levels in a democratic and scientific way, and the need to integrate reform of the political structure with that of the economic structure, and carry out the two reforms simultaneously. The entire session was held in a democratic, practical, and sober manner. The opinions and proposals put forward by the deputies are all relatively practical and in accord with the actual conditions in our country. This has shown that our country's political life is solidly advancing in a democratic and scientific way, and that the ability of people's deputies to take part in state affairs has been rising. We hope this kind of democratic style of actively taking part in and commenting on state affairs, as demonstrated at the

session, can be maintained and extended following the closing of the session, to raise the sense of democracy and political quality of people of the whole country.

This session was held at the critical moment when people throughout the country were engaged in improving the economic environment, rectifying economic order, and deepening reform. People throughout the country have been much concerned about improving the economic environment, rectifying economic order, and deepening reform. In their discussions, the deputies actively found ways and means, and offered suggestions and plans for doing a good job in these aspects. They pointed out the difficulties on the road, and analyzed the root causes of those problems. At the same time, they affirmed achievements made in the course of reform and affirmed the orientation for advancement. Accordingly, the session has become a meeting to heighten people's spirit, enhance people's confidence in their work, and thrash out the rights and wrongs in people's ideology. The session has also pointed out that we must have a stable environment in order to improve the economic environment, rectify economic order, and deepen reform because if we do not have a stable environment, we cannot achieve success in anything, and we will also lose the achievements of this reform. At this critical moment, people throughout the country must work with concerted efforts, unite as one, meet the challenge of difficulties, and further promote reform and construction work.

Motions and proposals by the deputies during the session are all closely related to the personal interests of the masses and to the destiny of the Chinese nation. They have reflected the people's voices and wishes. However, putting forward those proposals by the deputies is just a starting point. The key issue is how to handle those proposals. People of the whole country all hope that various proposals and questions put forward by the deputies in the session can be implemented and solved individually by the Government and various concerned departments, following the close of the session. It is necessary to assign some people to take up the responsibility and supervise and inspect the implementation of those proposals and make reports on the handling of those proposals and problems. As to those problems which cannot be solved due to objective reasons, we must also make reports and explain them to the masses. The people are the masters of our country and major events related to the development of our country must be fully understood and supported by the people. Only thus can we promote those important tasks. In order to win the people's understanding and support, we must first take a positive attitude to solve matters of interest to the people.

We earnestly hope that, following the end of the session, our country's improvement in the economic environment and rectification of economic order, reform, and other work can be promoted in a down-to-earth manner with hard work by governments at various levels and concerted efforts by people of the whole country, so that our country's political and economic situation can have an exhilarating atmosphere.

JINGJI RIBAO Discusses NPC's Theme
HK1704115489 Beijing JINGJI RIBAO
in Chinese 4 Apr 89 p 1

[Editorial: "Unity, Endeavor, and Pragmatism—Greeting the Victorious Conclusion of the Second Session of the Seventh NPC"]

[Text] After the successful conclusion of the Second Session of the Seventh National Committee of the Chinese People's Political Consultative Conference [CPPCC], the Second Session of the Seventh National People's Congress [NPC] also concluded victoriously today.

While facing the reality and looking forward to the future, this newspaper would like to comment on the general conditions of the "two sessions."

Perhaps we can summarize the main characteristics or the main theme of the "two sessions" in three words—unity, endeavor, and pragmatism. This should become our mental strength that we should continue to build upon. With this mental strength, all people from top to bottom will be able to act in unison and work together with one heart and one mind. Then, we will continuously remove the obstacles in the course of advances, continuously clear away the confusion in people's minds, achieve the basic objective of improvement and rectification, and create a better environment and more favorable conditions for advancing the reforms and for the national regeneration.

Unity is strength. The unity of the people and the unity of all nationalities in our country is always a guarantee for the success of our work in all fields. No matter whether we are in a favorable or unfavorable condition, we must cherish the stable and united political situation as we cherish our eyes. A country can prosper only in a stable and united condition. The stable economic life, political life, and mentality is also a basic requirement in the governing of a country. The people of all nationalities throughout the country, under the leadership of the CPC, are continuously increasing their rallying force and are united as one to ensure the overall interests of the nation through intensive efforts for improvement and rectification. They are making joint efforts to overcome the overheated condition of the economy, curb inflation, cut down on the investment scale, mitigate the contradiction between supply and demand, readjust the economic structure, and gradually build up the new order of the socialist commodity economy. Thus, we will be able to overcome difficulties and strive for a bright future for our nation.

Endeavor is the foundation for success. It is completely unrealistic to be overanxious for quick results and to hope for quick successes without paying the price. Without an ideal, people will not make progress. An important pillar to support the ideal is endeavor or hard work. When the NPC and the CPPCC were in session, Comrade Deng Xiaoping said that the biggest error in the past

10 years was the insufficient development in education and the failure to ask the people and the Communist Party members to maintain the tradition of being hard-working and austere while efforts were made to improve the people's living standards. He hit home by pointing this out. Premier Li Peng said in his government work report that in the period of improvement and rectification, the government and the people should all prepare for a few years of austerity. Of course, this does not mean that the difficult conditions in the early 1960's will reappear. When reform achieves results and the economy is developing, we should still practice thrift, continue to work hard, and keep expenditures within the limits of income. A person in strained circumstances cannot live as if he has become well-off. Even if we become really well-off in the future, we should still restrain ourselves from indulging in extravagance. Why were there so many phenomena of imbalance in the social psychology in recent years? Apart from some actual problems that should be resolved, many were caused by the unrealistic and excessive expectations and by the fact that people's sense of austerity is getting blunted. When people give up the tradition of being austere and hardworking, their unrealistic desires for material benefit will inevitably swell, and this will become the social cause of the excessively rapid growth in the consumption fund and inflation. This is a more serious problem than inflation and other problems; it is not alarming to say so, because social behavior may project chain effects on economic operations. Therefore, we should not regard the call for austerity and hard work as a cliché. People who have sober minds and cherish a realistic attitude will affirm that austerity and hard work not only represent our fine tradition but also represent an inevitable rule for economic development.

Pragmatism [qiushi 3061 1395] is our philosophical weapon. Our reform can be successful because we are pragmatic. Today, our measures for improvement and rectification should be closely combined with in-depth reform; this is also a pragmatic approach.

At the "two sessions," government leaders, people's deputies, and CPPCC National Committee members were all full of a sense of responsibility and mission. While affirming the achievements of reform and construction, they also discussed and analyzed the errors and problems. This is a commendable attitude. This also shows that the pragmatic attitude has become a prevailing attitude, and this paves the way for our successes as we have found the main way to realize the regularity of reform and construction. It is not terrible if there are various errors in our work. However, it is terrible if we cannot realize the protracted, arduous, and complicated nature of our reform and construction and cannot sum up experience in good time, thus wittingly or unwittingly replacing the objective regularity with our wishful thinking. "Knowledge comes from practice." Our current policy of advancing reform and economic development on the basis of stability represents a major leap forward in our consciousness.

Of course, pragmatism should not only exist in the process of cognition, but should also exist in all practical activities and in the handling of our work in all fields.

We sincerely hope that after the "two sessions," people will be more active in putting forward constructive ideas and proposals for our reform and construction, and will air fewer grievances and complaints so that a new atmosphere of pooling collective wisdom and making joint efforts to overcome the difficulties will appear and more serious thinking and effective methods will be introduced to our socioeconomic life. We now need to solve many problems and to study many new conditions in good time. We should concentrate on the work of improvement and rectification and concentrate on dealing with the new problems appearing in the course of improvement and rectification so as to achieve our expected targets.

Unity, endeavor, and pragmatism should be taken as our motto, and we should make efforts to put them into practice.

LIAOWANG on NPC Report Drafting Process
HK1504081289 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 14, 3 Apr 89 p 1

[Article by reporter He Ping (0149 1627): "How the Government Work Report Was Prepared"]

[Text] The time was about 1500 on 20 March 1989, and the place, the Great Hall of the People.

Premier of the State Council Li Peng, in a purplish-blue suit, presented at the opening ceremony of the Second Session of the Seventh National People's Congress [NPC], a report entitled "Resolutely Implement the Principle of Improvement, Rectification, and Deepening Reforms" and asked the deputies to examine it.

The hall, which has about 10,000 seats, resounded with thunderous applause every now and then. That was an indicator of how the 2,700 or so deputies seated in the hall viewed the report.

Once examined and approved at the session, this report, with the basic principles introduced in it, will become an important document guiding China's economic structural reform and economic construction for this year and the next.

Evaluate the Situation and Make Prompt Decisions

The year 1988 was neither tranquil nor relaxing as far as the Chinese people and leadership organs were concerned. In spite of the new achievements in various fields, national economic life was beset with serious problems. The most important of these were the swelling inflation and the abrupt price hikes.

Many countries in the world have experienced inflation, a phantom in the economic field, in the middle of their economic takeoffs, and the economic reforms in almost all socialist countries are overshadowed by it. Many Western countries have also failed to prevent it.

It would not be difficult to imagine the difficulties that will grow out of an extensive and complicated reform in a big country like China. It has no precedents from which to learn in abolishing its old systems and establishing new ones. Unable to foresee many new situations and new contradictions, it has no way of devising absolutely surefire plans.

In the face of the new situations and new problems that have arisen from the reform, progress, and development, the CPC Central Committee and the State Council have, after evaluating the situation, resolutely made up their mind to shift the focus of work onto improving the economic environment, rectifying the economic order, and comprehensively deepening the reforms.

On 30 August, Premier Li Peng called and chaired the 20th Executive Meeting of the State Council. At this meeting, several important decisions on price work and stabilizing the market were made and a task, that of keeping the retail prices of commodities in society from growing as fast as they did in 1988, was set.

On 26 September, the 3d Plenary Session of the 13th CPC Central Committee was held in Beijing. In his report to the session, General Secretary Zhao Ziyang said: "We must be fully aware of the importance and urgency of resolutely curbing inflation, and take prompt action, with the greatest determination, to shift, in the coming 2 years, the focus of the reform and construction to improving the economic environment and rectifying the economic order. Otherwise, not only will it be very hard to deepen the price reform as well as other reforms; it will also put the development of construction in question. It could even undermine the achievements made during the reforms of the past decade."

At that critical moment, the CPC Central Committee and the State Council promptly formulated the correct principles and adopted effective measures. Thanks to all this, China's reform was able to proceed toward its goal in spite of the difficulties confronting it. From fall through winter 1988, a series of regulations, laws, decrees, procedures, decisions, and circulars were passed down from the State Council to all localities and departments.

Measures for improving the economic environment and rectifying the economic order, such as the curtailment of investment in fixed assets; measures for keeping credit under control, for bringing about an increase in savings deposits, for stabilizing the financial situation, and for curtailing the purchasing power of social groups; a finance, taxation, and price inspection; efforts to rectify the circulation order; and efforts to bring about an

increase in effective supply, were successively introduced. As a result, we were able to check the inflation and price hikes and put an end to the panic buying seen in many parts of the country.

The Year of the Dragon saw both heartening and worrisome happenings.

At the end of the year, while people were busy doing their Spring Festival shopping, the CPC Central Committee and the State Council were evaluating and summing up experience, and formulating principles by which they could lead the people to triumph over difficulties.

The Second Session of the 7th NPC is an important event in the country's political life. The question of how the State Council should go about implementing the principle of improving the economic environment and rectifying the economic order decided upon by the CPC Central Committee is a central topic for discussion at this session. At the beginning of December, Premier Li Peng assembled the people responsible for drafting the government work report and told them his ideas: This report, whether in summing up past experience or in discussing future work, should be centered on the principle of improving the economic environment, rectifying the economic order, and comprehensively deepening the reforms. He specially told them to make the report more "substantive and down-to-earth."

Wholeheartedly Improve and Rectify

On 28 December, when the year was drawing to an end, the small group responsible for drafting the report officially started its work. At first, the drafters, in accordance with the format of past reports, divided the report into three major parts: A review of the work over the past year, a part on the tasks for the new year, and a part on diplomatic work. After a draft was put together, they felt that although it was an all-encompassing draft, it lacked depth in discussing the question of improving the economic environment, rectifying the economic order, and deepening the reforms. Therefore, they decided to discard the old format by concentrating on one question: improving the economic environment, rectifying the economic order, and deepening the reforms.

Working with new ideas in their minds, the group of drafters discarded their first draft and worked out a new format for the report. It can be seen from the headings and the eight issues discussed in the report, that the question of improving the economic environment, rectifying the economic order, and deepening the reforms is a theme running through the entire report.

On 1 February, Premier Li Peng and the members of the group gathered in Zhongnanhai to jointly revise the new draft. For 2 and 1/2 days he and the drafters discussed the draft word by word, and revised it paragraph by paragraph.

On the basis of Premier Li Peng's suggestions, the group revised the draft and subsequently produced a third draft.

The State Council executive meeting and the CPC Central Political Bureau meeting held on 15 February and 25 February, respectively, discussed and examined the report. At these two meetings, the participants affirmed the report and approved it in principle. In addition, they raised important suggestions to the effect that we should further highlight the guiding principle of improving the economic environment, rectifying the economic order, and deepening the reforms, and that it is necessary to ensure the development of scientific and technical education while improving the economic environment and rectifying the economic order.

On the basis of the revision suggestions raised at the two meetings, the drafting group, under the direction of Premier Li Peng, rewrote the draft again, putting the first part of the report under the heading "Wholeheartedly Improve and Rectify," thus epitomizing it. In addition, they devoted an entire chapter to the question of scientific and technical education, which was at first incorporated into the part entitled "Seriously Restructure the Economy While Improving the Economic Environment and Rectifying the Economic Order," thus highlighting the spirit of the principle that it is necessary to ensure the development of scientific and technical education while improving the economic environment and rectifying the economic order.

On 3 March, Premier Li Peng called and chaired a State Council plenary meeting to make preparations for the discussion of the draft report for the solicitation of opinions. The meeting demanded that the responsible persons of the ministries and commissions under the State Council present revision suggestions in a week. In addition, the State Council also decided to send copies of the report to the responsible persons of the provinces, autonomous regions, and cities directly under the central government to ask for their opinions.

From 7 to 10 March, mandated by the State Council, the CPC Central Committee United Front Work Department invited the responsible persons of the central committees of the democratic parties, those of the relevant mass organizations, some people involved in nationality work, some religious believers, people without party affiliations, and noncommunist intellectuals, altogether about 120 persons, to a forum to listen to their opinions on the revision of the report.

From 12 to 14 March, the government work report was presented to the Fifth Meeting of the Standing Committee of the Chinese People's Political Consultative Conference [CPPCC] to solicit its opinions.

The participants in these two meetings suggested that this report, with its discussion of government work being centered on the question of improving the economic

environment, rectifying the economic environment, and deepening the reforms, was a penetrating analysis of current problems and crucial issues, and was consistent with facts. The report did not avoid nor attempted to cover up the problems and difficulties confronting the country's reform and construction, and the mistakes and inadequacies in our work, thus displaying the spirit of seeking truth from facts and being responsible to the people. They expressed the hope that the report will propose even more efficacious methods for dealing with these problems, so that the task of improving the economic environment, rectifying the economic order, and deepening the reforms can be more smoothly fulfilled.

One week later, several thousand suggestions on the revision of the report reached the State Council in Zhongnanhai. The drafting group earnestly examined each of them and tried to incorporate as many good ones into the report as possible, thus enriching it. Subsequently, the group revised the report for the fourth time.

On 15 March, Premier Li Peng again carefully rewrote this 25,000-character report. After that, the drafting and revision of the "Government Work Report" came to an end.

The report was sent to the presses the same night and the deputies and members each received a copy before the Second Session of the Seventh NPC was convened.

Analyzing Errors and Mistakes on the Basis of the Principle of Seeking Truth From Facts

On page 5 of the report, of which each NPC deputy and CPPCC member is given a copy, there is an eye-catching passage which frankly points out the mistakes made by the government in directing economic work. It says: "Generally speaking, in economic development, people tend to be too impatient for success."

This passage reflects the realistic spirit in which the CPC Central Committee and the State Council sum up their experience in economic work.

At the 3d Plenary Session of the 13th CPC Central Committee, held in late September last year, General Secretary Zhao Ziyang pointed out in the report he presented on behalf of the Political Bureau: "Although China's economic situation at present is, in general, good, there are still many difficulties and problems, the most serious of which is inflation caused by excessive price hikes." He continued: "It would be easier if we paid attention to tackling the problem at the beginning of this year. To us, it may appear to be late in the day to only now realize the full extent of the problem and take action to solve it."

Before the group responsible for drafting the government work report set about their work, Premier Li Peng unambiguously demanded: The report has to be prepared in such a way that it reflects the spirit of "seeking truth" and should have something to say about the errors and mistakes in our work.

In the spirit of General Secretary Zhao Ziyang's remarks and on the basis of Premier Li Peng's ideas, the drafting group analyzed, in the part on last year's work, the problems and difficulties in economic work, the nature of these difficulties and problems, the extent of these difficulties and problems, their causes, and, in particular, the mistakes made by the central authorities in providing guidance.

Precisely because of the prompt discovery of problems by the CPC Central Committee and the Government, and thanks to their serious attention to the mistakes in their work and the measures resolutely adopted by them to correct these mistakes, China's economic situation has taken a turn for the better and the efforts to improve the economic environment and rectify the economic order have yielded initial results. As pointed out in the government work report: "Thanks to the work done over the past half year, the economy has become less overheated, the price hikes have been checked, the masses are now less nervous about prices, and the urban and rural markets are now basically stable."

Facts tell us that mistakes are not terrible things. So long as we have the courage to seriously examine our mistakes and correct them in a scientific spirit, and with an optimistic attitude, we can turn lessons learned and setbacks into some wealth.

Improve and Rectify While Deepening the Reforms

While the government work report was being drafted, the leaders of the CPC Central Committee and the State Council repeatedly stressed: The task of improving the economic environment and rectifying the economic order should be fulfilled on the premise that the overall orientation of the reform will continue to be adhered to. We must never revert to the old economic patterns which were characterized by excessive centralization and rigid controls. Still less should we negate privatization under the socialist system. So long as we properly improve the economic environment and rectify the economic order, we can provide a better macroeconomic environment for deepening the reforms and more successfully propel the development of the socialist commodity economy.

General Secretary Zhao Ziyang stressed: It is necessary to unswervingly enforce the measures announced by the party Central Committee and the State Council for improving the economic environment and rectifying the economic order. In addition, in practice, it is necessary to actively explore new means by which we can macroeconomically control the national economy. There are still

many difficulties confronting us. It would be wrong, just because of the difficulties, to waver in our attitude toward the overriding principle and overriding policy of carrying out reforms and opening the country to the world.

While the report was being drafted, Premier Li Peng listened to several reports presented by the drafting group and he stressed the need to correctly handle the relationship between improving and rectifying on the one hand and the reforms on the other. He pointed out: Improving and rectifying are closely related to the deepening of the reforms and they complement and promote each other.

Li Peng pointed out that there are two criteria for judging the success or failure of the reform: The first criterion is whether or not it is conducive to the development of productive forces and the second one is whether or not it is conducive to social stability and unity. Therefore, he stressed: "It is necessary to properly combine stability with reform and development, to evaluate the situation, to promote what is beneficial and abolish what is harmful, and to try to make the reforms a success and seek economic development while maintaining stability."

While working with the drafting group to revise the drafts, Li Peng spoke on the question of perfecting and developing the contracted management responsibility system among the enterprises. He said: Enterprises should try to raise efficiency by introducing competition mechanisms and by grouping their labor forces in the most desirable ways. They should mainly reabsorb their own excess employees, and not dump their problems on society.

On the basis of Li Peng's ideas, the drafting group summed up the main reform tasks for 1989 as follows: It is necessary to pay special attention to perfecting and developing the reform measures introduced and, while improving the economic environment and rectifying the economic order, to explore new reforms. Attention should be focused on continuing to perfect and develop the contracted management responsibility system among industrial and commercial enterprises, on exploring means and measures for strengthening and improving macroeconomic regulation and control, on the establishment of an orderly market, and on alleviating the contradictions arising from unfair distribution. All reforms must be centered on improving and rectifying. In this way, we can facilitate the efforts to curb the growth of demand, make structural readjustments, and facilitate the efforts to increase effective supply, thus improving the economic results.

Our purpose in improving the economic environment and rectifying the economic order is to further deepen the reforms and to more successfully develop the socialist commodity economy. General Secretary of the CPC Central Committee Zhao Ziyang pointed out in the Spring Festival message he delivered at this year's Spring Festival tea party: "If this readjustment is successful, the

country's economic structure will become still more rational, the economic environment and the economic order will improve, and we can facilitate the establishment of a new socialist commodity economic order. As far as the national economy is concerned, all this implies that there will be qualitative improvements and better results. Therefore, to improve the economic environment and rectify the economic order is to do something positive in line with the orientation of the reforms."

Historical development has once again demonstrated the dialectics of life: The greater a cause, the more difficult it is to accomplish. We cannot achieve success without paying a price. As long as we remain united, bestir ourselves, and try to boost our confidence, we will be able to overcome difficulties and advance!

CPC Seminar To Promote Literature, Art
OW1404150489 Beijing Domestic Service in Mandarin
2230 GMT 7 Apr 89

[Text] Yesterday, the Literature and Art Bureau of the Propaganda Department under the CPC Central Committee sponsored a seminar on the implementation of Several Opinions of the CPC Central Committee on Further Flourishing Literature and Art. The seminar held that in order to deepen reform and make literature and art flourish, it is necessary to continue to diversify while stressing the main theme.

The publication of Several Opinions of the CPC Central Committee on Further Flourishing Literature and Art, which is a major event for literary and art circles in China, has won the unanimous support of writers and artists. They hold that with the vigorous development of the past 10 years since China started to implement the reform and open policy, our literature and art cause has never been so flourishing as it is now. Nevertheless, the new situation has also brought new contradictions and problems. In particular, there have been some phenomena in recent years that manifest lack of responsibility to society. Some works that have bad taste and are even vulgar and negative in nature are running somewhat out of control. This has aroused concern in all circles of society.

Comrades attending the seminar noted that we should, by acting in accordance with what is called for by the two basic points and the guidelines of the document, effectively guarantee the freedom of creation and further encourage writers and artists to boldly make exploratory attempts and seek progress in a diversified manner. At the same time, we should adopt positive measures to vigorously advocate and foster all outstanding works that enhance the four modernizations drive; deepen reforms; and are conducive to inspiring the people to blaze new trails and actively work for progress and to promoting moral values. For this reason, leading departments in the party should curtail their intervention and involvement in specific problems of literature and art and concentrate energy on providing macroeconomic

guidance. The departments concerned should, in accordance with the need to adapt to the new order of commodity economy and with laws governing the development of literature and art, establish and perfect laws and regulations on socialist literature and art with Chinese characteristics. Writers and artists, while heightening their awareness, should raise their sense of mission of the times and sense of responsibility to society so as to make their expected contributions toward bringing up a new generation of people and improving the cultural quality of the nation as a whole.

The seminar was attended by responsible persons of various journalistic units and literary and art publications in the capital.

Mechanism for Family Funding of Education Urged
OW1704142989 Beijing GUANGMING RIBAO
in Chinese 15 Mar 89 p 3

[Article by Chen Xiaoda (7115 1321 1129): "Develop a Mechanism for Families To Pay for Education"]

[Excerpts] Since the 1950's, education in China has been paid for by the state. In this kind of education system, all educational institutions are run by the state, all educational funds are appropriated by the state, all curricula and teaching materials are specified by the state, and all graduates are given job assignments by the state in a centralized manner. This system played a significant role in developing economic construction and national defense in the early years of liberation. However, in the socialist commodity economy this kind of education system fails to rapidly and effectively meet the requirements of promoting social, political, economic, and cultural development and meeting employers' needs in terms of qualifications.

Another system for training students on behalf of employers has appeared in recent years, which strengthens the ties between education departments and employers. This system can be regarded as a group purchase of education. That is, employers sign contracts with the school on the basis of the number and type of educated people they need, while the schools educate students on the basis of specified courses and branches of learning on behalf of the employers. The employers pay the schools for educating the students. As a necessary way to supplement the state's planned education, this system of educating students on behalf of employers has played a positive role in regulating the supply and demand of qualified personnel and solving problems caused by shortages of educational funds. This is a preliminary step for commercializing education on an experimental basis. However, the system of educating students on behalf of employers still cannot be regarded as a proper way to reform the educational system. Theoretically speaking, there are two problems with the system of educating students on behalf of the employers: First, under this system students who receive education (students who are educated on behalf of employers) become a passive

exchange medium. This runs counter to the spirit of a commodity economy. What the commodity economy needs is to turn the labor force (men's intelligence and physical strength) into a commodity. The carriers of such labor force are not and should not become a commodity. Laborers should have the right to freely allocate their own labor force. However, under a system in which students are educated on behalf of employers, the students who graduate are the commodity, the possession of which is transferred from the school to the employer. It is impossible to develop a lively commodity economy if enterprises cannot manage themselves freely or develop their products flexibly and their workers cannot freely choose or change their own jobs. Second, the system of training students on behalf of the employers is not necessarily fair. All enterprises, large or small, pay taxes to the state. In other words, they have already paid for education once. However, some enterprises do not hire the graduates they need and have to pay schools to educate students on their behalf, and thus pay for education a second time. This is unfair. The smaller the enterprise, the more they need to pay a second time to educate the people they need. This unfairness in paying for education is precisely a factor of unfairness in the free competition among enterprises. Therefore, it is all right to implement this system of educating students on behalf of the employers as a contingency measure, but it is inappropriate to regard this system as a long-term measure that is to be popularized in general.

In order to deepen educational reform and allow education to keep pace with the development of commodity economy, we must build and develop a mechanism whereby families pay for education. Under this system, families pay for education and schools educate students using what their families pay. Those who have completed their education may select jobs and employers on their own, reap the benefits of their education in the form of a salary from their employers, and receive the returns on their educational investment. [passage omitted]

Naturally, the practice of allowing families to pay a certain amount of education expenses will create a problem concerning equal opportunity for education. That is, some students are unable to attend college because their families cannot afford to pay the tuition fees due to their poor economic conditions, and not because of the students' poor grades or lack of enthusiasm in studying. Therefore, we need a policy to govern this. For example, tuition fees should not be too high. They should be set so that ordinary families can afford them. Tuition fees should not be set blindly, nor should schools demand exorbitant tuition fees. The existing system of asking a limited number of students studying at their own expense to pay high tuition fees will not be applicable in the future, when the policy of asking students' families to pay for their education has been implemented overall. In addition, the state and the relevant departments must establish and improve systems of educational loans and school scholarships. Without such a system, students from families with low

incomes will be stripped of their opportunity to study and develop themselves. This does not conform with the principle of fair competition in the course of developing the socialist system and commodity economy.

At the same time, we should also point out that this mechanism of families paying for education should not be interpreted as "whoever receives education should pay." [passage omitted]

Education is a form of public service that benefits the entire nation. Therefore, all families should pay to support education. Payments to support education should not be determined by judging if a particular family has anyone in school or not. Under the compulsory education system, there is little or even no burden on any family in Western countries to make direct payments to education. Tax rates—an indirect form of payments for education—are mainly determined by family income. The system by which families pay for education is abstract. It has included education paid for by the state. Thus, we can say that the practice of families paying for education does not preclude the state paying for education. Rather, it serves to reduce the portion of the burden for educating people borne by the state.

He Zhenliang Elected New Olympic Committee Head
OW1504114689 Beijing XINHUA in English
0808 GMT 15 Apr 89

[Text] Beijing, April 15 (XINHUA)—He Zhenliang was elected the new president of the Chinese Olympic Committee [COC] to replace Li Menghua at a full session of the COC Saturday.

The 16 new vice presidents elected include two vice governors, one from Heilongjiang and the other from Jilin, the two provinces in northeast China where the winter sports are more developed.

He Zhenliang, who is also a member of the Executive Board of the International Committee, said the election of the two provincial vice governors was an indication of China's efforts to promote the winter sports and heighten China's medal-winning hope at Olympic Winter Games and other international winter sports competitions.

Wei Jizhong was elected secretary general of the COC.

On Possible Games in PRC
OW1504133189 Beijing XINHUA in English
0852 GMT 15 Apr 89

["He Zhenliang: Feasibility Study for 2000 Olympics in China, by Zhang Tingquan"—XINHUA headline]

[Excerpt] Beijing, April 15 (XINHUA)—He Zhenliang, newly elected president of the Chinese Olympic Committee [COC], Saturday said that a feasibility study is now being made for hosting the 2000 Olympics in China.

He said that as many friends in international sports have shown great interest in having the 2000 games in this country, the Chinese Olympic Committee would expedite the feasibility study.

In his opening address to the session of the Chinese Olympic Committee, he said that abuse of drugs by athletes is an immoral act and a "public evil" to fair play in international competition.

He said that the Chinese Olympic Committee would firmly support all measures taken by the International Olympic Committee to protect the health of the athletes and ban the use of all prohibited drugs.

With the development of the sports techniques and growing keenness of competition, the amateur athletes as so called in the past are almost non-existent, he said.

He Zhenliang told the COC members that as the athletes consumed more time and energy in their training, it was necessary to give them proper material compensation, but such compensation must be made through their associations and the national Olympic committees.

He opposed participation in the Olympic Games by athletes who signed commercial contracts with companies merely for money.

Commercialization of sports has caused a hidden danger to the Olympic Games and other international competitions, he said. Commercial sponsorships can support the development of sports, but they must be provided under the leadership of the sports organizations and serve the interests of sports.

"We oppose the manipulation and control of international sports by commercial groups and turning them into tools of businessmen for making profits. [no end quotation mark as received]

He Zhenliang said that racial discrimination must be eradicated from sports.

He pledged closer cooperation with the International Olympic Committee and the Olympic Council of Asia.

The Chinese Olympic Committee would fully support the organizing committee of the Beijing Asian Games in 1990 in hosting the games with success, he said.

He said that COC would make preparations for participation in the 1990 Asian Games and the 1992 Olympic Games. [passage omitted]

Science & Technology

Companies To Promote Aviation Industry Founded
HK1804051389 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1500 GMT 14 Apr 89

["China Aircraft Engine Corporation and Airborne Equipment Corporation Founded"—ZHONGGUO TONGXUN SHE headline]

[Text] Beijing, 14 Apr (ZHONGGUO TONGXUN SHE)—The China Aircraft Engine Corporation and the China Airborne Equipment Corporation, which embrace the scientific research, production, management, and domestic and foreign trade business of all Chinese fighter planes, civil aircraft, and other aircraft, have been respectively set up in Beijing today.

The two aviation industry companies have been set up in keeping with the institutional reform plan of the Ministry of Aeronautics Industry and the Ministry of Astronautics Industry, which has been approved by the State Council. They are large enterprise groups with independent operations and accounting and are qualified legal entities.

The China Aircraft Engine Corporation consists of 22 research departments and factories in Beijing, Harbin, Shenyang, Xian, Chengdu, Changzhou, Zhuzhou, Wuxi, and other cities. It will focus on the development of aircraft engines, give due consideration to the development of non-aviation products, and undertake international cooperation in the design, production, and operations of aircraft engines and light duty gas turbines.

The China Airborne Equipment Corporation is chiefly in charge of managing the manufacturing departments of China's airborne equipment trade, undertaking the design, production, and services of airborne equipment trade (including all systems, installations, parts, and components of avionics, optics, machinery, hydraulic pressure, and protective and lifesaving equipment) and systems engineering needed in the national economy, and undertake international cooperation in, and the import and export of, airborne equipment.

In the future, China's aircraft engine and airborne equipment trades will gradually develop into a management pattern characterized by "small government and large group," increase vertical association among the same trades and lateral association among different trades, and make further efforts to open up the international market in order to promote the rejuvenation of China's aircraft manufacturing industry.

Satellite Earth Station Equipment Approved
OW1804075289 Beijing XINHUA Domestic Service in Chinese 1203 GMT 12 Apr 89

[From the "Local Broadcast News Service"]

[Text] Beijing, 12 Apr (XINHUA)—China has unveiled a complete set of self-made equipment for use at its 11-meter satellite telecommunications earth station.

The complete set of self-made 11-meter satellite telecommunications equipment, developed and built by the First Research Institute under the Ministry of Posts and Telecommunications, recently passed technical appraisal in Shanghai. The whole set of equipment for use at the earth station consists of 10 systems, including the 11.6-meter double-circularly polarized antenna system, high-power and low-noise amplifiers, and ground telecommunications facilities, and uses telecommunications standards widely used abroad. It can transmit television programs and receive high-quality television signals.

Forum Held on Multiple Drilling Technology
OW1704211289 Beijing XINHUA in English
1502 GMT 17 Apr 89

[Text] Tianjin, April 17 (XINHUA)—About 150 Chinese drilling teams from 14 oilfields have mastered the complicated art of directional and multiple well-drilling, according to a recent scientific and technological conference held here.

The conference, organized by the China Oil and Gas Corporation, revealed that 2,000 directional wells and 16 groups of multiple wells have been drilled in recent years, signifying a new stage in the development of China's oil industry.

Multiple drilling is a newly-developed technology which allows several slanted wells to be drilled, fanning out from a central drillsite. Compared with the traditional practice of drilling straight down for each well the method not only expands the exploration area but also saves land and reduces costs.

Recently, the Dagang Oilfield near the coastal city of Tianjin succeeded in the multiple drilling of 19 wells.

Considerable achievements have also been made in technical research. Instruments and tools such as diamond drills and inclinometers have been manufactured to provide new drilling methods.

Scientists Develop Low-Temperature Pump
OW1704045389 Beijing XINHUA in English
0102 GMT 17 Apr 89

[Text] Lanzhou, April 17 (XINHUA)—The largest refrigeratory low-temperature pump ever produced in China has been made in the Lanzhou Institute of Modern Physics of the Chinese Academy of Sciences.

The pump is essential for creating high and super vacuums. High in pumping speed, it can create a pollution-free environment for scientific research.

The pump, 800 mm in diameter, is specially made for the heavy ion accelerator. It costs 750,000 yuan (3.7 yuan to a U.S. dollar) less a year to operate than the vacuum equipment now being used.

Scientists at the institute say the pump is using a newly-developed technology. It has reached advanced world level in design and function, but it costs only about two-thirds the price of foreign equivalents.

Military

PRC Gives Up Plan To Build Aircraft Carrier
OW1704145689 Tokyo KYODO in English 1443 GMT
17 Apr 89

[Text] London, April 17 KYODO—China has given up plans to build its first aircraft carrier in order to reduce its defense spending, according to the latest edition of the JANE'S DEFENSE WEEKLY.

The magazine said the government leaders made the unofficial disclosure at a meeting of the People's National Congress, or parliament, which opened last month.

China purchased the Australian aircraft carrier "Melbourne" for scrap four years ago after it was decommissioned. Chinese engineers have since studied how to operate an aircraft carrier, it said.

Recently, Chinese Navy officers reportedly visited the U.S. aircraft carrier "Nimitz" in apparent preparation for the construction of the first aircraft carrier in China.

Zhao Ziyang, general secretary of the Chinese Communist Party, has proposed a 6 percent reduction in defense outlays in this fiscal year.

BAN YUE TAN Lands Army Air Corps Role
OW1604115489 Beijing BAN YUE TAN in Chinese
No 6, 25 Mar 89 pp 34-35

[Article by Xu Jingyue (1776 0079 6460): "The Army Has Added a New Branch to Its Units"]

[Text] The PLA [People's Liberation Army] Army has gradually expanded its service branches since the founding of new China. From a single infantry unit equipped only with rifles and supplied only with millet, the Army now has a combined ground combat capability which includes artillery, armored, and engineering corps. With China's overall strength growing, the Army recently added a new service branch, the Army Air Corps. This means that the Army, which traditionally has been a ground combat force, is now equipped with wings of steel.

Recently this reporter drove to a group army to visit its helicopter group. As I arrived there, a number of dark green and silvery white helicopters parked on the vast airfield were about to take off. Wearing Army caps, our Army's first generation of airmen were all full of vigor. At the sound of a command, these combat eagles rose one by one into the blue sky. They dived, rose up again, and hovered in the sky. They performed various kinds of highly difficult training maneuvers.

After stepping out of his helicopter, airman Liang Dehao told this reporter that he was 24 years old. He and his comrades in arms were all graduates of aviation academies or schools. Having been transferred from an Air Force unit to the Army Air Corps, they were undergoing training to enhance skills in carrying out combat in cooperation with the Army's other service branches, with emphasis on combined combat, in order to meet the needs of modern warfare.

At a briefing, Colonel Li Guiqing said: The Army Air Corps is an airborne mobile combat unit equipped mainly with helicopters, particularly armed helicopters. It is a new service branch used for air and ground integrated operations. At present, various countries in the world are speeding up the building of army air corps. More than 20 countries have established army air corps. Armies in more than 80 countries have successively established helicopter units (companies), which are incorporated in an army task force or tactical corps.

The experience of foreign countries shows that a helicopter's maneuvering speed is 8 times as fast as a motorized infantry unit, and 20 times as fast as a unit of foot soldiers. Furthermore, when helicopters are confronted by tanks, the ratio of losses incurred is 1:19. Moreover, helicopters have expanded their combat range to ultralow altitudes of 100 meters and less, which is unprecedented in the history of warfare.

In the course of building the new service branch through arduous efforts during the past year or more, the young airmen of the Army Air Corps have completed many training courses in active cooperation with the Army's other service branches.

With its technological superiority, the Army Air Corps is also actively taking part in local economic construction, rescue and relief work, and scientific experiments. It was the Army Air Corps, in the capacity of carrying out relief and rescue operations, that was, to all intents and purposes, the first to arrive at the scene of a train accident involving the overturning of cars of the 80th Kunming-Shanghai express, an earthquake that hit the Lancang and Gengma areas in Yunnan, and an explosion and fire on oil barges on the Chang Jiang. In the past year, the Army Air Corps flew 1,200 sorties, covering a total distance of 280,000 kilometers.

At present, the first generation of airmen of the Army Air Corps is gradually undergoing training to fly a new type of helicopter. Helicopters of this type have an advanced instrument panel and control system. Capable of high speed, light and easy to maneuver, performing well at ultralow altitudes, they can perform communications, rescue, transport, and other tasks under various weather conditions.

Speaking with some pride, Col Li Guiqing said: "This will distinctly enhance the adaptability of the Army Air Corps. The group army's mobile combat capability and the level of its three-dimensional combined combat performance will also improve."

Advances in Weapons Temperature Testing Noted
HK1804011089 Beijing CHINA DAILY in English
18 Apr 89 p 5

[By staff reporter Wang Keyu]

[Text] It is a painful reminiscence for some military engineers to recall the "dvmb" grenades which failed Chinese soldiers during a border battle in the 1960s.

Technical tests performed later proved that the reason why the grenades did not explode was the low temperature at the border area.

For a long time, a shortage of laboratories to test the ability of light weapons to adapt to temperature changes has affected the quality of China's weapons.

A laboratory for conducting high and low temperature tests for light weapons, now the most advanced in China, has been completed in Huailai County, Hebei Province, about 100 kilometres northwest of Beijing.

The laboratory was a joint effort of the Second Research Institute under PLA [People's Liberation Army] Engineer Headquarters and Beijing University of Aeronautics and Astronautics. Construction started three years ago.

"Temperature has a vital bearing on the weapons' capability and accuracy," said Zhang Zhixian, a 55-year-old colonel and director of the research institute.

Previously, Zhang said, temperature tests were conducted in the field, and the weapons had to be carried to locations with the coldest or warmest weather for tests.

"The tests not only involved a lot of manpower and financial resources, but also took a long time because sometimes we would have to wait for suitable weather for the test," said the senior colonel, who is also a noted anti-explosive expert in the army.

But now, Zhang said, grenades, mines, guns and other light weapons can be temperature-tested in the laboratory.

The new laboratory consists of two compartments so that heating and cooling tests can be carried out at the same time. Temperatures in the laboratory vary from minus 85 to plus 60 degrees Centigrade. The temperatures can be automatically indicated and recorded by equipment in the laboratory.

Zhang said that usually it is easier to increase the temperature than to decrease it because the temperature can be raised simply by heating an electric resistance and then using an air-blower.

Zhang, who graduated from the Huadong Engineering Institute in 1953, and his colleagues made innovations in designing the laboratory's cooling process. They cool the temperature by using the energy from heat obtained from compressing the air, which has greatly saved energy. "It only takes three hours to drop the temperature to the lowest point in our laboratory," Zhang said.

Electricity is the sole power source of the laboratory, Zhang said.

The laboratory is also used to test light weapons' bearing under a sudden temperature change. "We can find out a weapon's adaptability after we transfer it from a high-temperature compartment to the low-temperature compartment," he said.

Besides military uses, Zhang said that the laboratory can also be applied to test many civilian products, such as cold-proof garments, batteries and electric appliances.

"Although the laboratory has many advantages in conducting temperature tests, it still can not replace the tests done outdoors," said Zhang Fuxiang, a 48-year-old colonel and a leading researcher in the project. "When considering the humidity and other natural conditions outside, we have to admit there is a little difference between the tests conducted in the laboratory and those done outside."

Zhang said that the laboratory is appropriate to conduct temperature tests of up to 48 hours. "If the tests run for several days or several weeks, it would be too expensive to do them in the laboratory," he said.

Economic & Agricultural

Reform Viewed as Means for Curbing Inflation HK1704060189 Shanghai SHIJIE JINGJI DAobao in Chinese 27 Mar 89 pp 14-15

[Article by Yang Peixin (2799 1014 2450): "Reviewing Reform Over the Past 10 Years, We Come to a Conclusion: Only by Persisting in Reform Can We Check Inflation"]

[Text] In the reform which was carried out from 1979 to 1982, we made great achievements. This created a precedent of the success in putting reform in command of readjustment. The new inflation, which occurred during 1983-1988, resulted from taking over the Soviet construction pattern and blindly following Western theories. Facts have proven that we are not allowed to return to the old system or head for privatization. We can only take our own road. Only thus can we advance toward prosperity. Restoring the old systems and putting the emphasis on doing

things in a concentrated and unified way will bring about a decline in production. Such trends can be discerned from the measures of improvement and rectification proposed by various departments under the State Council. The act of retrieving the power and money which have been delegated to localities and enterprises actually means widening the gaps between total social demand and total social supplies, and benefiting departments at the expense of the state. Privatization and the shareholding system will inevitably bring about the most corrupt, bureaucratic capitalism in China. They can never bring prosperity and richness to the people.

Reform has been going on for 10 years. A few years ago, everything went smoothly in our country, our industrial and agricultural production developed rapidly, and the living standard of our people increased year by year. However, since 1988 we have suffered from the torrential attack of inflation. We are now tasting to the full the bitterness of inflation. During the past 30 years or so, we worked hard to establish the prestige of renminbi, and to rely on the people to maintain the stability of our currency. Every year we absorbed savings ranging from 80 to 100 billion yuan, which was used to provide industrial and commercial sectors with loans in circulating funds, loans for agricultural production, and loans for purchasing goods in the foreign trade sector. The prestige of our renminbi began to decline. Bank-runs occurred three times, and there was panic-purchasing of commodities. Bank savings deposits from the entire year dropped by 40 billion yuan. When we were purchasing agricultural products, we were compelled to issue informal notes of payment to peasants, and the execution of the projects involving the contracting of enterprises in towns and cities was also delayed. This cannot but adversely affect peasants' enthusiasm in selling agricultural products to the state, and workers' enthusiasm for labor. The lack of funds, foreign exchange, transport facilities, energy, and raw materials created numerous difficulties for peasants. Inflation forced up grain prices and negotiated grain prices in some cities in the coastal areas, such as Guangdong, Fujian and others rose, to 2.5 yuan or 3 yuan per jin. Grain prices in the interior also increased because of this. Each of several million temporary miners eats 2 to 3 jin of grain a day. They also eat nonstaple food and drink some wine. Their wages are only enough to keep body and soul together. During the spring festival, a large number of miners returned home. This severely affected coal production. An insufficient supply of coal caused power plants to stop their production and caused a power failure. Compared with December 1988, production in January 1989 markedly dropped. We began to face the danger of industrial production decline. In the face of the current serious economic difficulties, we have to make a self-examination.

Is inflation caused by reform? This is the first focus of our self-examination. Some people maintain that economic structural reform in socialist countries will inevitably bring about inflation. They say: According to the experiences of Yugoslavia, Hungary, and Poland, during the initial stage of reform, production increased, and

people's livelihood improved. Reform enjoyed the support of the people. However, when reform entered the second stage, financial deficits, unfavorable international payments, inflation and price hikes inevitably occurred. Industrial and agricultural production fell, and the actual income of the people also dropped. Under such circumstances, money supply could neither be increased nor tightened. Reform could neither advance nor retreat. The situation was embarrassing indeed. They believe that China has now followed in the footsteps of Yugoslavia, Hungary, and Poland, and that the reform in China has entered the second stage. A signed article published in Hong Kong's MING PAO monthly maintained that the reform in China is basically unsuccessful. The article also says: "Both the great Cultural Revolution and reform caused 10 years of turmoil." It adds: "Now people at the upper level are consuming everything, whereas people at the lower levels are being hard pressed." Contracting enterprises and local finance is the main content of our urban reform. However, the author of the article insists: "The contract system has actually gotten bogged down in failure." He continues: Factory managers play the role of trade union leaders in capitalist countries. Some 80 percent of the profits retained by enterprises is used for paying bonuses, improving welfare, and expanding the demand for consumption. The percentage of retained profits has existed in name only. After excluding the factor of commodity prices, the actual growth rate of wages is faster than that of labor productivity. Wages have forced up costs of production, and this has caused economic inflation. A few years ago, inflation did not occur, because there was nothing which people could buy. People's savings deposits produced cushioning effects. However, once people take out their money from banks, the national economy is completely ruined.

The author also maintains: The act of contracting local finance has generated local independent kingdoms. The construction of office buildings, large halls, guest houses, and profit-making processing industry, as well as duplicated production, have wasted resources, attaining very low economic results. Local protectionism has erected barriers between markets. Enterprises with poor economic results cannot be eliminated, whereas enterprises with high economic results are facing blockades in terms of market, raw materials, and communications. He predicts that in the coming 10 years, such phenomena as bank-runs, panic-purchasing of commodities, clashes, protests, the resignation of leaders, military control, separatist rule, and so on will occur. At present, "there is a possibility that the whole country will be put in great order, but it also seems that the country is on the brink of chaos."

How should we overcome the current situation of inflation and economic difficulties? This is the second focus of our self-examination. Some people in the theoretical circles point out that under the present situation, we should follow the path of the shareholding system and privatization. Some scholars said frankly that political pluralism

and economic privatization are the only way out for China. Yang Xiaokai proposed an idea of privatization and a people-run (min ying 3046 3602) economy. He stressed that the idea would be completely implemented within a period of 3 to 4 years. He intended to give officials a pile of shares in order to overcome obstacles to the implementation of his idea. Some other people tried to theoretically prove that public ownership and distribution according to work were an idle dream of Marx. In the meantime, as far as actual economic management is concerned, there has been an ideological trend to return to the planned economy and the Soviet pattern. They believe that delegating power, and yielding interests to peasants, enterprises, and localities has brought about inflation. To check inflation, efforts must be made again to pursue concentrated and unified management. Power and interests must be concentrated in the hands of the central government. A series of measures aimed at retrieving power and interests was imposed. Budgetary regulatory funds were imposed on enterprises, and a land-use tax and stamp duty were levied on them. The power of big enterprises for independently pursuing projects valued at less than 3 million yuan was abrogated. Control, based on mandatory planning, was imposed on capital construction and technical innovation projects, whose funds were independently raised by enterprises. It was stipulated that total wages of enterprises must not exceed the level of August 1988. These two ideological trends have been strongly opposed by enterprise circles. They maintain that these ideological trends negate reform and socialism, and that they will lead China astray. At present, we should persist in reform and stick to socialism.

In the face of this situation, we should make a self-examination of what we have done over the past 10 years. However, it is not enough to focus our discussion only on the speed of the growth of our national economy. We maintain that the speed of the development of productive forces is still a criterion for testing the success and failure of our reform. During the 10-year reform from 1978 to 1987, in comparable prices, our GNP increased by 125 percent, our national income by 120 percent, agricultural production by 33 percent (grain increased by 33 percent and cotton by 96 percent), gross industrial output value by 180 percent, and the total value of social commodities by 15.8 percent annually. In foreign trade, our exports increased from \$9.75 billion to \$39.4 billion. Actual incomes of peasants and urban residents increased by 180 percent and 85.6 percent respectively. All these indexes were among the best in the world. This is irrefutable evidence showing the success of the reform. However, it is still necessary for us to further discuss the following problems in order to refute the viewpoints mentioned above.

The first problem: The reform during the readjustment period from 1979 to 1982 did not bring about inflation. On the contrary, it smoothly checked inflation. This shows that it is groundless to say that reform will inevitably generate inflation.

In 1979, we faced a very serious economic situation. The rule of the "gang of four" brought our economy to the

brink of collapse. A large quantity of grain, oil crops, cotton and tobacco were imported from abroad. Daily necessities were in short supply. There was concealed inflation. About 100 kinds of commodities were supplied on the basis of coupons, which accounted for 70 percent of daily necessities. During Hua Guofeng's period of the "foreign leap forward," we imported a high volume of complete plants and equipment from foreign countries. This extensively increased our foreign exchange spending, and our foreign exchange reserves became negative. Following the 3d Plenary Session of the 11th CPC Central Committee, we increased the purchase price of agricultural and related products by a big margin, and our cash spendings in rural areas increased by 100 percent. In 1980, our monetary issue increased to 7.9 billion yuan, and financial subsidies went up drastically. In 1979, our financial deficits increased to 17 billion yuan. In 1980, we readjusted food prices and reduced financial subsidies. This generated price hikes. At that time, commodity prices increased by 6 percent.

In those years, we put reform in command of readjustment. This speeded up reform rather than slowing it down. 1) Beginning in 1979, we implemented a system of contracting output quotas to individual households without the production team conducting unified accounting, which enabled peasants to become independent commodity producers. This aroused peasants' enthusiasm in production and in developing a diversified economy, and helped peasants open up new, vast fields for production. The development of township and town enterprises enabled peasants to leave the land without leaving their villages, so that 70 million peasants could participate in local industrial production. 2) The ban on urban individual industry and commerce was lifted, and individual and private enterprises developed very rapidly. This enlivened goods exchanges between urban and rural areas. 3) We started implementing a policy of opening up to the outside world, established special economic zones, imported foreign capital, and developed a number of enterprises run by the "three kinds of capital." 4) More important changes took place in the state-operated enterprises owned collectively by the people. In 1981, we further readjusted and streamlined capital construction by about 20 billion yuan. This stagnated the sales of iron and steel, machinery, and chemical industrial products. The state reduced or even stopped placing orders for these products. It stopped formulating mandatory planning, and allowed enterprises to seek their own customers and to carry out regulation by the market mechanism. In the meantime, enterprises were allowed to retain their over-quota profits, which were used for technical transformation, building dormitories, and issuing bonuses. Such reform, which was called expanding the decision-making power of enterprises, rapidly spread from Sichuan to the whole country. Some enterprises further implemented the contract system. In circumstances where products were unsalable, and that the turning over of profits to the state could not be guaranteed, enterprises shared the cares and burdens of the state, and

turned over profits to the state according to a higher level in history. Regarding over-quota profits retained by enterprises, 60 percent were used as funds for development, 20 percent as welfare funds, and 20 percent as funds for awards. The Shoudu iron and steel complex and the No 2 automobile manufacturing plant started implementing a contract system under such difficult conditions. 5) In the meantime, a financial method of serving meals to different diners from different pots was followed in order to arouse the enthusiasm of localities, accelerate economic development, and ensure a balance of budgetary incomes and spending.

The readjustment was characterized by the practice of putting reform in command of readjustment, and the employment of the completely new measures for reform. During the readjustment, enterprises were not asked to "close down, suspend operations, amalgamate with others, or switch to the manufacture of other products." They were not asked to dismiss workers, either. Unemployment did not increase, and production and monetary issues were not reduced. Unlike other socialist countries, there were no discriminatory exchange rates. Workers were not asked to make sacrifices for economic readjustment, because what we pursued was an economic structural reform of a socialist country. We started changing the economy of mandatory planning of the period of war preparations into a planned commodity economy of a peacetime period. We also started changing the highly concentrated economy of the period of war preparations—which deprived peasants, enterprises, and localities of their power—into an expansion of the power of peasants, enterprises, and localities in an attempt to inject vitality into the cells of the urban and rural economy, and to arouse the enthusiasm of workers, enterprises, and staff members.

During the period from 1979 to 1982, our agricultural production dropped by 7.5 percent. Light industrial production increased by 11.8 percent in consecutive years due to ample agricultural production of such products as grain, oil-bearing crops, cotton, sugar, tobacco, silkworm cocoon, and so on. The entire industrial production increased by 7.2 percent in consecutive years. In such a way, we achieved proportionate and speedy development of industrial and agricultural production. Financial deficits dropped from 17 billion yuan in 1979 and 12.7 billion yuan in 1980 to 2.5 billion yuan in 1981 and 2.9 billion yuan in 1982, respectively. The newly increased banknotes issued by the banks amounted to 5.5 billion yuan in 1979, and 7.9 billion yuan in 1980. But they dropped by 5 billion yuan in 1981, and 4.3 billion in 1982. Taking a lesson from price hikes in 1980 due to the readjustment of the prices of nonstaple food, we realized that when the supply of goods was insufficient, we should not arbitrarily increase commodity prices for the sake of reducing financial subsidies. We stressed for several years that commodity prices must be frozen. Commodity prices only increased by 2.4 percent in 1981, and 1.9 percent in 1982. The basic stability of commodity prices was thus maintained.

After the increase of the purchasing prices of agricultural products, a large quantity of banknotes circulated in the rural areas. Although peasants had money in hand, goods were not available for them to buy. As the stability of commodity prices could be maintained, they felt safe depositing their money in banks. In 1978, urban and rural savings amounted to 21 billion yuan, and they increased to 11.8 billion yuan in 1980, 12.4 billion yuan in 1981, and 15.2 billion yuan in 1982. Making use of the money, our banks provided middle and short-term loans for light and textile industries so that they could buy new facilities and carry out technical transformations in an attempt to enhance their production capability, and increase production output and varieties of industrial products. During the second half of 1982, a buyers' market eventually occurred in industrial consumer goods. During the period of the "gang of four," with money in hand, people were engaged in the panic purchasing of goods. Such phenomenon disappeared in 1982. People saved their money in banks and bought goods selectively. They only bought famous-brand and high-quality goods, and goods which were urgently needed. The balance between supply and demand could be basically maintained, and the living standard of the people in urban and rural areas improved markedly. The per capita net income of peasants rose from 134 yuan to 270 yuan, an increase of 101.5 percent, and average wages of workers and staff members increased from 614 yuan to 798 yuan, an increase of 30 percent. Foreign exchange reserves increased from minus several billion U.S. dollars to \$11.125 billion. Socialist countries and developing countries envied our achievements.

Past experience, if not forgotten, is a guide for the future. It is a matter of great significance to review the history of the period. Our achievements in the readjustment period mentioned above far exceeded the achievements made in 1950's and 1960's. We made a precedent of the success in putting reform in command of readjustment, and proclaimed the initial victory of the reform. This boosted the confidence of the Chinese people in reform, which enjoyed warm support from workers, staff members, office cadres, and intellectuals. Peasants wished "Grandpa Deng a long life." The history of the period proved that instead of bringing about inflation, reform helped us smoothly overcome the long-term and concealed inflation caused by the Soviet pattern.

The second problem: The new inflation which occurred during the period from 1983 to 1988 resulted from taking over the Soviet pattern in construction and from blindly copying Western theories.

Due to the success in readjustment and reform in 1982, the Chinese people were full of confidence in reform and construction. Under such circumstances, the 12th CPC National Congress set a magnificent goal of quadrupling gross industrial and agricultural output value by the year 2000, and started the four modernizations program. However, success turned the heads of the people, and they unconsciously made mistakes and errors in the following three ways.

The first mistake was that we adopted the Soviet pattern in construction again. We again followed a highly centralized construction system, and restored unified state control over financial income and expenditure in disguised form, and adopted a heavy tax policy for enterprises. This not only rigidly controlled state-operated enterprises, but planted the root of inflation as well.

The practice of adopting the Soviet pattern was reflected in the following.

1. First of all, when we proposed the idea of quadrupling gross industrial and agricultural output value, what we sought was output value rather than actual results. It was more practical to propose an annual increase of 7.2 percent in output value. Later, we demanded a "soaring" and "taking off," and hypergrowth. Various provinces and counties were required to quadruple their gross industrial and agricultural output value ahead of time. Gongxian County in Henan Province even proposed an idea of quadrupling gross industrial and agricultural output value 10 years ahead of time. This actually stepped into the old shoe of the Soviet pattern of one-sidedly seeking high speed.

2. Key construction projects (communications, energy, and raw and processed material industries) were exclusively handled by the central authorities, and emphasis was placed on concentration and centralized management. This was also a vital part of the Soviet pattern. If all key construction projects were exclusively handled by the central authorities, the results and benefits of investments would inevitably be low, and inflation in investment would unavoidably occur. For example, our railway transportation is severely insufficient nowadays. When the railway from Huolinhe to Tongliao was constructed, according to the initial plan of the State Planning Commission, its freight volume was only several million tons. It was later increased to 10 million tons. It was again increased to 20 million tons. However, after the completion of the railway, its actual freight volume was only 2 million tons. This caused a long-term loss for the railway. When a railway from Shijiushuo to Gunzhou was constructed, it was discovered that there was no coal in Gunzhou which could be exported only after the completion of the project. Later, the railway was extended to the west, and its freight volume was only 1/3 of that originally planned. Let us look at another example. Steel products are in severely short supply in our country. When the first phase of the project of Baoshan iron and steel complex was carried out, we invested more than 10 billion yuan and several billion U.S. dollars in the project. However, experts of the World Bank believed that only half of the investment was needed. Some people think that if key construction projects are exclusively handled by the central authorities, overall balance and mutual links between relevant projects can be ensured, and that the best results can thus be achieved. Actually, due to the fact that the policy-making bodies stand high above the masses, that they are not

able to obtain information promptly, and that these decision-makers are not economically responsible for the project, great waste will inevitably occur in those key construction projects.

3. To ensure the supply of facilities and materials needed by key construction projects, mandatory planning for industrial production was restored, and the relevant enterprises must supply goods for these key construction projects at low prices. This means subsidies for them, in a disguised form.

4. To ensure the supply of foreign exchange needed by key construction projects, control over foreign trade and foreign exchange was continued, and more than 70 percent of foreign exchange was in the hands of the central authorities. However, those enterprises which earned foreign exchange did not have sufficient foreign exchange to update their facilities in order to catch up with and surpass the international advanced level. In such a way, the state's foreign exchange income could not significantly grow like a snowball which grew as it rolled on.

5. What was more important was that to concentrate funds, a policy mandating the replacement of profits by taxes in two steps was formulated, and a heavy tax system covering tax, profits, and expenses was established. Some 50 to 55 percent of the net income of enterprises was taken away in the name of product tax, value-added tax, business tax, urban construction and maintenance fees, additional educational fees, and so on. In the meantime, enterprises were required to take 55 percent from their profits to pay their income tax, and 5 to 25 percent to pay their regulatory business tax. They had also take 15 percent from their retained profits to pay energy and communication funds (10 percent of the budgetary regulatory fund has recently been added). They also had to buy state treasury bonds and debenture shares of key construction projects. It was announced that the profits retained by enterprises had reached 40 percent. Actually, after paying product tax, energy and communication funds and so on, 90 percent of the net profits of enterprises was taken away. They could only retain 10 percent of their profits. They had to pay bonuses, subsidies due to the increase of the price of nonstaple food, and other expenses. According to investigations made in 11 factories, such as the Tianjin bicycles plants and others, and in enterprises in the water supply and electricity sector, about 90 percent of their profits were taken away. As far as Yanshan chemical industrial plant and Jinshan chemical industrial plant were concerned, 95 percent of their profits were taken away, and they could only retain the remaining 2-3 percent. In addition, they had to contribute to items such as "constructing the people's city by the people," and so on. Due to the fact that enterprises had to pay high taxes, that they had to supply goods at low prices in accordance with mandatory planning, and that they had to their income in foreign exchange to the state, they had no money even for maintaining their simple reproduction,

let alone technical transformation. This meant depriving enterprises of their power for accumulating funds, self-transformation, and self-development. Enterprises, as economic cells, lost their functions for metabolism and cell division. This represented an act of draining the pond to get the fish, and of committing chronic suicide.

The results of investments made by enterprises themselves are better than those made in a concentrated and unified way by the state. Making use of their accumulated funds, enterprises carried out the projects of reconstruction, extension, and technical transformation. They conduct careful calculations and strict budgeting. Although they make small investments, they derive prompt and great benefits. The Shoudu iron and steel complex bought a steelmaking furnace at \$20 million (the original price was \$60 million) from Belgium. After adding top-blown converter, bottom-blown converter, continuous casting, and computerized control devices to it, it became the production facility of the 1980's. One yuan played the role of three yuan. Some 96 percent of the investment funds was recovered the same year after the facility went into operation, and money and time were saved by $\frac{2}{3}$ respectively. Regarding investment made by funds freely allocated by the state—although "allocation of funds" was changed into "loans"—it was still the money of the state. Although limits were fixed, they could be exceeded continually, and investment could be increased every year. According to an investigation made by the Construction Bank on the results and effects of medium and large construction projects which were completed and went into operation during the period from 1984 to 1986, in 1986 the tax and profit rate of per 100 yuan investment in projects with total investments of 55.4 billion yuan was only 7 percent. It was not enough even for paying bank interests. The loss, caused by poor organization of work and other reasons was as high as 4.6 percent. After the completion of the projects, the production capacity of $\frac{3}{4}$ of the investment items could not be brought into full play. No benefits were obtained from $\frac{1}{4}$ of the investment items, and a loss was incurred by about $\frac{1}{5}$ of the items. Generally speaking, per 1 yuan of investment, the state could only play the role of 50 fen.

With the implementation of the system of dividing revenue and expenditure between the central and local governments and holding each responsible for balancing their budgets, the proportion of revenue contributed by localities to the financial income of the central government dropped from over 90 percent to about 50 percent, and the proportion of financial income in national income dropped from about 30 percent to about 20 percent. Under the condition that economic structural reform is in progress and that multiple economic sectors have occurred, it is an impractical illusion if we still insist that financial income accounts for 30 percent of the national income, and that revenue contributed by localities accounts for 70 percent of the financial income of the central government. If we persist in such a demand, this means we have to kill the goose of the

state-operated enterprises in order to get the eggs. The practice of relying on the financial revenue of the central government to support key construction projects exclusively run by the central authorities determined that the policy of substituting tax for surrendered profits in two steps continually increased the burden of tax on state-operated enterprises, and dampened their production capability for self-expansion. Funds needed by key construction projects could not be guaranteed. This could only increase financial deficits, and compel the Construction Bank to provide loans for key construction projects. This was one of the root causes of the subsequent inflation.

After the start of the economic structural reform and the occurrence of multiple economic sectors, measures should have been taken to follow Guangdong's experience in raising funds for key construction projects. Guangdong successfully raised funds to complete the project of constructing power generating facilities of 1 million kilowatts in 1 year. The province made use of the method of loan on credit and pooling funds to mobilize multiple economic sectors in order to raise funds for the project. However, we still insisted that key construction projects could only be exclusively handled by various departments of the central government. But the central authorities could only rely on the financial method of levying tax mainly on state-operated enterprises to raise funds. This actually compelled state-operated enterprises to wholly undertake all expenses for the construction of basic social facilities for the whole society and multiple economic sectors. This not only harmed the functions of state-operated enterprises in expanded reproduction, but also caused financial deficits and bloated credit, and opened the door wide for inflation. Since localities and various economic sectors were not responsible for energy, communication, and the supply of raw and processed materials, their funds were mainly invested in the processing industry and the construction of office buildings, large halls, and guest houses. This increasingly widened the gaps in energy, communications and the supply of raw and processed materials, and buried a time bomb for undermining the proportionate development of the national economy.

The second mistake was that in the reform, we mechanically copied Western economic theories and viewpoints. We were first influenced by the Western theories on using inflation to speed up the hypergrowth of the economy.

In 1983 our key construction projects started, and financial deficits for the year increased from 2.9 billion yuan to 4.3 billion yuan, and the newly increased paper money issued by the banks increased from 4.3 billion yuan to more than 9 billion yuan. In that year, if no efforts had been made to artificially control it within the scope of two digits, it might have exceeded 10 billion yuan. Therefore, the phenomenon of inflation started in 1983. In 1984, due to the fact that key construction projects of the central authorities and local processing industries

were in full swing, monetary issue suddenly shot up to 26.2 billion, an increase of 49.5 percent. Bloated credit and inflation obviously occurred. In other words, credits, monetary issue, and the use of foreign exchange were out of control, with abnormal inflation in investment as its root. In 1984, a decision was made on economic structural reform, and price reform was regarded as the key to economic structural reform. In 1985, to coordinate with price reform, measures were taken to lift the control over the prices of nonstaple food and agricultural products. It was also decided that the money supply should be tightened. At that time, we failed to assign the checking of inflation a most important position, no efforts were made to make a conscientious analysis of the reasons for inflation, and no forceful action was taken to curb inflation. We only intended to tighten the money supply for the sake of price reform. This was only a temporary and partial supportive measure. Therefore, at that time, we only tightened circulating funds of banks and loans. But no efforts were made to tighten bank loans for fixed assets and financial support for the investment in capital construction. To build up a momentum and gain rapid results in the interest of the implementation of the measures for price reform, we employed a method of radically reducing central bank credits for specialized banks. Due to such great momentum and drastic measures, specialized banks were compelled to indiscriminately recover funds provided for the organs at the lower level within a specified time period. When a lower level bank handled the remittance of an enterprise, the money was withheld and transferred to a higher level bank as a means for recovering the funds. This gave rise to the practice of "rigid uniformity." We even made efforts to recover loans provided for manufacturing home appliances, daily necessities, goods in short supply, and products which could be used to earn foreign exchange through export. The total amount of the wages of enterprises was frozen at the level of March 1985. Freezing the total amount of wages actually meant freezing the enthusiasm of workers. They thought that since they could not get more, despite hard work, it would be better for them to loaf on the job. This method rigidly controlled finance and the normal circulation of funds in the national economy, and caused "circulation" of cash and funds outside the banks. In February 1986, "negative growth" eventually occurred in industrial production. The State Council was thus compelled to suspend the measure for tightening up the money supply, and restore the practice of supplying loans and money to enterprises which needed them. The great harm in this measure was that once a policy of retrenchment was implemented, a false appearance of decline in production occurred. During the period from 1986 to 1987, although inflation continued, price hikes did not exceed the two-digit limit. However, industrial production increased by more than 10 percent annually. This false appearance induced us to come to the conclusion that inflation is beneficial to the growth of the national economy. A small number of persons in the academic field preached theories on the "harmlessness of financial deficits," and on "too small financial deficits in our country." They included the

incomes from foreign debts and from the issuance of state treasury bonds and debenture shares in financial revenue to show that our financial deficits were smaller than those of Western countries. Such a practice of presenting a false picture of peace and prosperity and of deceiving ourselves as well as others was completely a deception. Some scholars preached the theory that "inflation is helpful rather than harmful," saying that inflation in some countries had promoted rapid economic growth, rather than bringing any loss. Some other scholars suggested that we issued bank notes valued at more than 10 billion yuan, or 100 billion yuan, in order to carry out key construction projects. When people could not buy things even though they had money in hand, they could be compelled to "save their money in banks." With bank savings amounting to more than 10 billion, or 100 billion yuan, we could again carry out a number of key construction projects. These theories and views actually poured oil on fire and aggravated inflation in our country, which was gradually becoming serious, and lulled our vigilance against inflation. This was our first big mistake in reform due to blindly following Western theories on market economy.

We committed the second big mistake in reform because we were influenced by the theory of straightening out prices first. Beginning in 1983, inflation accelerated in our country, and the total demand of the society exceeded total supply. Therefore, we could only readjust the prices of some commodities under the prerequisite of exercising strict control over commodity prices. We were not allowed to increase commodity prices by a big margin. However, influenced by the theory of "controlling currency but lifting price control" of the West, some people in the academic field were anxious to carry out price reform, even though monetary issue had not yet been properly controlled. They intended to simultaneously increase the prices of steel, coal, oil, electricity, and transportation, and to abruptly change the systems governing prices, finance, and tax. They even tried to increase prices to a certain level in light of "theoretical prices," or international prices. They applied the "double-track system," characterized by the coexistence between prices set by the state and negotiated prices to industrial raw materials and certain agricultural products. When inflation was getting increasingly serious, such practice was tantamount to legalizing the black market. This helped government profiteers and other speculators reap unfair gains, encouraged speculative activities, and further boosted prices. In 1985, commodity prices increased by 8.8 percent due to price reform. In 1986, they increased by 6 percent, although no important measure for price reform was adopted. They increased again by 7.2 percent in 1987. In 1988, there was an excessive price increase in industrial raw materials because of the implementation of the double-track system. The readjustment of the prices of industrial manufactured goods boosted up the prices of other products. In addition, due to the fact that we speeded up the implementation of the initial plan for price reform,

people were worried about the "devaluation" of renminbi. This caused a run on banks and panic purchasing. During the period from August to September in 1988, the situation was most serious. Therefore, letting price reform move ahead of others and advocating it regardless of the specific condition of severe inflation was our second big mistakes committed due to the bad influence of the economic theories of the West.

The third big mistake in reform was committed because we were not clear about the situation. It was difficult to avoid such a mistake because of the following reasons: i) There was a bumper harvest in agriculture in 1984, and we reaped a good harvest of grain, cotton, and silkworm cocoons. Peasants found it difficult to sell their grain, cotton, and pigs, and there was an "excessively" large stock of commercial goods. We were worried about a surplus and overstocking of industrial products. Therefore, we reduced the purchase price of grain and cotton the next year (1985), and restricted the amount of acreage under cotton. In 1985, incomes of peasants in Handan Prefecture of Hebei Province dropped by 50 million yuan because of the reduction of the purchase price of agricultural products. They had to pay an additional 50 million yuan because of the price increase of industrial means of production. Their losses totalled 100 million yuan. The information provided for peasants was: the state did not need so much grain and cotton, and production must be reduced. ii) In the course of opening up to the outside world, too much preference was given to the coastal areas. We stipulated that the tax of enterprises run by the "three kinds of capital" could be exempt for 2 years, and that the exemption could be extended if necessary. Their tax rate was much lower than state-operated enterprises. It was also stipulated that the Shenzhen special zone could retain 100 percent of the foreign exchange they earned through exports. Shenzhen could sell foreign exchange it had excessively retained on the regulatory market to earn much more money. Therefore, it was able to buy goods for export at home at higher prices, export them to Hong Kong, and sell them in large quantity at lower prices. Under such circumstances, the economic lever of the foreign exchange rate could not play its proper role. iii) Substantive progress in political democratization was still lacking, organs of state power were expanding in an abnormal way, and administrative expenses were increasing too fast. Such superfluous and useless thing absorbed nutrition from human bodies and became another focus of inflation. In a county in Guangdong Province, there were 88 government organs and 1,430 cadres in 1987. The number of the government organs and cadres was 400 and 700 percent respectively, higher than that during the early period of liberation. In 1978, administrative expenses throughout the country were 4.9 billion yuan. But in 1987, they went up to 19.588 billion yuan, an increase of about 300 percent. There was no bonus for government employees and teachers, and their salaries were comparatively low because their number had greatly increased. In 1984, there was a mass fervor of

governing organs running business. "The party, government, Army, civilians and students run business together." Banks provided loans to support them. Government organs relied on themselves to increase their income and abused their power for their own gains. Thus, government profiteering and speculation occurred, but the benefits were embezzled by a small number of people. The salaries of the majority of office cadres and the wages of workers and staff members were not increased, and their actual incomes dropped. This gave rise to unfair social distribution. Preferential treatment for township and town enterprises and enterprises run by the three kinds of capital in terms of tax supported and aggravated unfair social distribution. The income of individual laborers and owners of private enterprises was even higher. The three matters mentioned above imperceptibly encouraged unfair social distribution.

The third problem: Only by persisting in reform and putting reform in command of readjustment can we effectively check inflation.

A) Restoring the old system and stressing concentrated and unified administration will inevitably cause decline in production.

A trend can be discerned from the measures to improve the economic environment and rectify the economic order taken by various departments under the State Council. In other words, the power and money delegated to localities and enterprises in accordance with the policy of "streamlining government administration and delegating power," and of "reducing tax and yielding profits" will be retrieved in order to strengthen concentrated and unified administration. These measures are being announced and implemented one by one. For example, the energy and communication funds have been increased from 15 to 25 percent, and the land tax and stamp duties are being levied. Regarding technical transformation of large enterprises, it was formerly stipulated that they had decisionmaking power on a project involving 3 million yuan. But the power has now been abrogated. A control based on mandatory planning will be exercised on technical transformation and bank credits for technical transformation. Such an act actually means that reform, delegation of power and division of power has brought about inflation, and that the power and benefits delegated to localities and enterprises must be retrieved. Let us look at another example. The Ministry of Railways has been contracted to various railways bureaus, and the energy and communications fund turned over to the Ministry of Finance by the Ministry of Railways has increased from 15 to 25 percent. Does this not mean reducing investment which is most useful for increasing transport capacity for the sake of day-to-day expenses of the Ministry of Finance, and maintaining its employees? We cannot but point out that such an act actually widens the gaps between total social demand and total supply, and benefits a ministry at the expense of the state.

B) Curbing the trend of a shareholding system and privatization to prevent historical retrogression.

At present, the trends of privatization and shareholding system are spreading in the society. Some people stressed that only privatization and a shareholding system can save China. After making explorations for more than 100 years, the Chinese people eventually selected a socialist road. If China pursues capitalism now, it must be a bureaucratic capitalism which is the most corrupt capitalism. To get rid of the plunder and oppression of bureaucratic capitalism, the Chinese people did not hesitate to shed their blood and lay down their lives. After struggling for several decades, they eventually succeeded in building a socialist new China. We allow and welcome the development of enterprises run by foreign capital and private enterprises, but we will never permit the privatization of state-operated enterprises. A shareholding system is a kind of privatization. I favor lateral links between enterprises, regions and departments and the establishment of joint-stock companies. But I object to the implementation of a shareholding system in state-operated enterprises.

C) Persisting in reform and implementing the guiding principle of putting reform in command of readjustment.

We believe that inflation and disproportionate economic development is precisely because of the fact that our reform is not carried out thoroughly, and that the Soviet pattern characterized by unified state control over income and expenditure and economy of mandatory planning are still fettering state-operated enterprises. At present, we should select the path of putting reform in command of readjustment which was followed during the period from 1979 to 1982, and embark on the road of perfecting contract system, and the system governing reform and investment.

In the meantime, we should firmly grasp the reform of investment system. The task of expanded reproduction should be mainly assigned to enterprises, whereas the main task of the development of social basic facilities (including energy and communications) should be assigned to localities. But the power for readjustment, guidance and coordination belongs to the central authorities. It should be clearly pointed out that energy and communication construction is the responsibility of localities, and that electricity and water supply, and the construction of highways and bridges are also the responsibility of localities. Localities should be responsible for the shortage of electric power supply which adversely affects production. In such a way, localities will exercise self-restraint, and refrain from carrying out the construction of office buildings, large halls and guest houses. They will avoid excessively promoting processing industries and concentrate their strength on energy and communication undertakings. When localities run the power supply and the communications system, they are able not only to concentrate the funds of provinces, cities, counties, and townships, but also make use of the funds

of the state-operated enterprises, township and town enterprises, enterprises run by the "three kinds of capital," private enterprises, individual laborers, the masses and overseas China, and funds from abroad as well. Guangdong is a developing power industry, and completed a project of power generating facilities of 1 million kilowatts in 1 year. It made use of foreign capital to rapidly construct a railway from Guangzhou to Shenzhen. It is now making use of a method of sino-foreign venture to construct a railway linking Guangzhou, Meixian and Shantou. These examples have told us that we must not only pay attention to the fund of the central authorities, but also make use of the funds of various economic sectors, various circles in the society, and funds from abroad as well. We must change the situation that communications, energy and raw and processed materials industries are exclusively run by the state, that the source of funds is limited, and that the results and benefits are low.

We maintain that we should practically and conscientiously sum up the successful experience of reform over the past 10 years, and take lessons from our previous failure, so that we can find the law governing our reform and construction, and persist in reform, in readjustment, and in putting reform in command of readjustment. "Just as the weary traveler despairs of finding a road, Lo! a village appears and the shade of willows and riotous flowers beckon." Such a matter will definitely occur in the economic structural reform in China.

Consumption, Inflation Control Discussed
HK1704130889 Beijing JINGJI RIBAO in Chinese
5 Apr 89 p 2

[Article by Yan Kalin (7051 0595 2651): "Continued Expansion of Consumption Should Not Be Overlooked"]

[Text] Last September a relevant department of the state issued an explicit order calling upon enterprises to hold down wages, bonuses, subsidies, and other consumer funds to the August level to reduce overall social demand and cure inflation. But 5 or 6 months have since passed. Consumer funds have not been controlled, but have instead swollen. Such funds in November and December last year showed respective increases of 13 percent and 43 percent, compared with August. In the first 2 months of this year, there was again an increase of around 55 percent over last August, or an increase of more than 60 percent over the corresponding period of last year. Such a pace of growth has never been witnessed.

The continued swelling in consumption has been a cause of concern and is thought-provoking.

There are basic causes related to the management system and reform judging from phenomena. First, the enlargement of enterprise decisionmaking power in distribution has not been combined with the timely strengthening and perfection of the mechanism of indirect regulation and

control. This causes loss of control over consumer funds. Data shows that the enterprise share in retained profits has doubled in these years. However, the distribution of retained profits has not been balanced. Such money has been used freely—so much so that many enterprises have devoted 60-80 percent of retained profits to bonuses and welfare benefits. According to another survey, the combination of commitment to contracts with the rise in commodity prices has caused the base surrendered to higher levels to be increasingly on the low side. Income from an increase in price has mostly been converted into enterprise retained profits and deductions from loan payments for "two kinds of money" (welfare benefits and bonuses), greatly adding to the expansion of consumption. In addition, given the liberalization of various kinds of labor, fees charged by schools, hospitals, and other institutions, and standards for charges have become increasingly high. The same is true of what units charge individuals for services rendered, for lectures, assessment, and so forth. There has been a loss of control. A very big loophole has been created.

Second, the imperfection of financial and tax systems has resulted in a swelling of consumer funds. For example, such practices as increasing the starting base for bonus tax collection, introducing the repayment of loans before taxes with deductions allowed for "two kinds of money," and so forth have added to the expansion of consumer funds. Enterprises have also been induced to let consumer funds detract from welfare funds and welfare funds detract from production development funds, with loans relied upon to maintain production.

Third, the wage reform mistake does not give the increase in consumer funds the effect of stimulating a simultaneous increase in production—widening the gap between consumer demand and effective supplies. People have generally felt that the wage reform has not really solved the problem of labor being separated from remuneration. The mechanism of internal interdependence between an increase in wages and bonuses and labor productivity and efficiency has especially not been created. Therefore, the quicker the increase in consumer funds the larger the gap between social supply and demand.

It may be further noted that the continuous expansion of consumption is also closely related to a chance-taking mentality. Experiences at home and abroad show that to cure inflation, we must pay the price of reduced economic growth and a retarded improvement in the people's living standard. But now many people seem to have an inadequate understanding of this. There exists a mentality of taking chances. It is believed that without making any sacrifice in the matter of consumption, we can tide over the problem of inflation. Therefore, in the improvement and rectification effort, the expansion of consumption has not received proper attention. Or, it may be said that despite attention given, no actual progress has been made. As a result, the phenomenon of loss of control over consumption, and demand and supply has become increasingly serious.

The double swelling in investment demand and consumer demand is a main cause of our inflation. In checking inflation, just a slackening in investment is not enough. There is also the need for a determination to reduce consumption. True, a reduction in consumption is more difficult than investment. But we cannot the problem in the long run. The control of inflation will have a certain effect on the people's living standard. This is a matter of course. Governments at various levels should have the courage to look squarely at this fact. They should take the courage to truthfully make things clear to the masses of people. They should also arouse the people to share the same will, fight amidst hardships and put up with temporary sacrifices in exchange for economic stability and development.

Meanwhile, we should use many ways to reduce the swelling in consumption. First, we should strengthen the mechanism of restraining the increase in enterprise consumer funds. We should consider such ways as: a) making percentage allowances in the budget so that the remaining balance obtained after losses from a price rise in input are offset by income from increases in the prices of many enterprise products; b) strictly controlling the scope of spending for welfare benefits and stopping the anti-discipline practice of turning welfare funds into

individual consumption funds; c) energetically promoting such reforms as calling for separation of taxes and profits, commitment to contracts after taxes, and repayment of loans after taxes, and dropping the practice of making deductions for "two kinds of money" from loan payments.

We should also consider dropping the stipulation about the worker wage and bonus levels being based on a given month. This is actually impossible to carry out. We should instead further perfect the method of floating, with overall wage payout being linked to enterprise economic results. We should strengthen supervision over wage taxes and bonus taxes and achieve the aim of strictly controlling the growth of consumer funds and paying attention to protecting the enthusiasm of the masses of workers.

Furthermore, we should energetically try to eliminate such factors leading to an increase in consumer funds as tax evasion and tax cheating by individuals, private undertakings, and town and township enterprises. We should seek improvement and rectification, further revise various fees charged by institutions, standards of payment for the labor of individuals in various fields, and carry out strict supervision and control.

East Region

Work of Shanghai CPPCC Plenum Discussed OW1804002889 Shanghai City Service in Mandarin 1000 GMT 13 Apr 89

[By station reporter Zhu Mei]

[Text] The Second Plenary Session of the Seventh Shanghai Municipal Chinese People's Political Consultative Conference [CPPCC] Committee will be held from 15 to 22 April. This was announced today during a news conference at the office of the municipal CPPCC committee.

(Yu Yunbo), deputy secretary general of the municipal CPPCC committee briefed reporters on the upcoming plenary session. He said: The principal tasks of this plenary session will be to hear and examine the work reports of the Standing and Motions Committees of the Seventh Shanghai Municipal CPPCC Committee; to hear and discuss the work report of the Shanghai Municipal Government; and to fill vacancies for vice chairmen of the Seventh Shanghai Municipal CPPCC Committee.

When a reporter asked how the plenary session can reflect the system of multiparty cooperation and political consultation under the leadership of the CPC, (Yu Yunbo) said: This plenary session will increase cooperation among different parties and groups and fully reflect their suggestions and demands. For example, in order to put together views from every quarter, the session will provide time for every profession, political party, and group, including the CPC and democratic parties, to participate in party and group activities. The different political parties and groups will also send their own representative to address the plenary session. This is something that has never been done before. The leader of each political party and group will also address the plenary session on how to react to multiparty cooperation.

In reply to a reporter's question on the new, distinctive features of CPPCC members in their attempt to take part in and discuss government affairs, (Yu Yunbo) said: The sense of responsibility and mission among municipal CPPCC members to participate in and discuss government affairs has been greatly enhanced. One figure can illustrate this clearly. As of 12 April, the deadline for submitting speeches, the municipal CPPCC committee received 92 drafts of speeches to be delivered at the plenary session, the largest number for any municipal CPPCC plenary session. There are less general suggestions in these drafts, while there are more constructive suggestions.

According to a reporter's dispatch, education will be one of the hottest topics at the plenary session. According to today's press conference briefing, of the 92 drafts of speeches received by the plenary session's secretariat, 27 deal with education, making up one-third of the speeches to be delivered at the plenary session. The speeches involve restructuring tertiary education; strengthening

political indoctrination among college students; placement of college graduates; raising and using education funds; and adult, secondary, primary, and preschool education. The CPPCC members will put forth views and suggestions for resolving the various educational problems and on how to actually improve the remuneration of teachers.

Zhejiang Reports Success in Corruption Fight OW1704100189 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 13 Apr 89

[Text] In the first quarter of this year, provincial procuratorial organs scored marked success in the struggle against corruption and bribery. They dealt with 527 cases of economic crime, 374 of which were corruption and bribery cases, recovering 3.98 million yuan for the state and collectives. Up to now, procuratorial organs have instituted proceedings against 141 offenders involved in corruption and bribery and have exempted 96 offenders from prosecution according to law. Court decisions have been made against 58 offenders.

In the fight against corruption and bribery, procuratorial organs at all levels in Zhejiang Province have given priority to handling cases occurring in party and government departments and to handling major cases. They have dealt with a number of corrupt officials who seriously damaged the reputation of the party and the government. Among the defendants who have been prosecuted for corruption and bribery were 93 state functionaries and 37 party members. Among the corruption and bribery cases where legal proceedings have been instituted against the offenders were 75 major criminal cases involving more than 10,000 yuan, and 31 exceptionally serious cases.

Central-South Region

Guangdong Secretary Criticizes Smuggling Activity HK1504055789 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 14 Apr 89

[Text] Provincial Party Committee Secretary Lin Ruo stressed at the provincial antismuggling work conference this morning that in current antismuggling work, it is essential to fundamentally enhance the cadres' and masses' understanding of the seriousness and harmfulness of smuggling. In particular, the party and government organs in the coastal areas must regard antismuggling work as an important political task, strengthen leadership, crack down hard according to law, and tackle the problem in a comprehensive way.

Analyzing the current smuggling problem and situation in the province, Lin Ruo pointed out that a characteristic of current smuggling is that a smuggling force has now formed which is sabotaging socialist economic construction; in addition, there is collusion between the inside

and outside, and some grass-roots organizations are taking part in smuggling, seriously harming the normal development of national economic construction.

Comrade Lin Ruo pointed out that antismuggling work is a long-term and complex struggle. We must enhance understanding from the plane of class struggle [as heard] and of the consolidation of the people's democratic dictatorship; we must certainly not be apathetic, slacken vigilance, or relax in the crackdown.

On how to do a good job in antismuggling work, Comrade Lin Ruo explicitly pointed out that the party and government organs throughout the province, especially the coastal areas, must persist in grasping economic construction with one hand and cracking down on smuggling with the other, and resolutely correct the current tendency in antismuggling work to substitute fines for punishment. We must crack down hard on smuggling in accordance with the law. We must certainly not tolerate and abet smugglers, and must resolutely deal according to the law with party members, cadres, and units that take part in smuggling.

Guangdong Meeting Views Population Crisis
HK1504062789 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 14 Apr 89

[Excerpts] This afternoon some 100 people from various sectors gathered at the provincial government guest-house for a rally to launch 1.1 billion population day activities in Guangdong. [passage omitted]

Vice Governor Kuang Ji said in a speech: Strictly controlling population growth is of particularly great importance in Guangdong, a province with a large population and few resources. He said: Calculating by the birth rate of 1970, the number of births in the province in the past 17 years has been 10 million fewer than would normally have been expected. However, since the beginning of the Sixth 5-Year Plan, the province's population plan assigned by the state has not been fulfilled. The number of births in the first 3 years of the Seventh 5-Year Plan exceeded the plan by 850,000. If the province's population grows at last year's rate for the next 12 years to the end of the century, the population will be 71 million in the year 2000, exceeding the control figure set by the state by 6 million, equivalent to the population of Hainan Province. The situation is therefore extremely grim, and population control work cannot be relaxed in the slightest.

The provincial statistics bureau announced today that Guangdong's population reached 59.54 million today, and is expected to reach 60 million in early October. At the present growth rate, the population increases by about 10 million every 10 years. [passage omitted]

Guangdong Province Faces Unemployment Problem
OW1704075989 Beijing XINHUA in English 1436 GMT 16 Apr 89

[Text] Beijing, April 16 (XINHUA)—It is no longer easy to find jobs in south China's Guangdong Province.

Guangdong will have to find jobs for 500,000 rural residents each year in the coming decade, "PEOPLE'S DAILY" reports today.

It's estimated that the province will also have to provide supply jobs [as received] for several hundred thousand workers that might be dismissed by industrial enterprises when they reorganize their labour force.

And with the rise in productivity, some 10 million farmers will have to find jobs in other industries.

To solve the critical employment problem, officials at the provincial government have called for great efforts to develop collective and individual sectors of the economy, so as to offer more job opportunities, the paper said.

Earlier this year, each day 100,000 job-hunters from other parts of the country poured into Guangzhou, the capital city of Guangdong, assuming that it was easy to get jobs there.

Foreign Enterprises Increasing in Guangdong
HK1504045789 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1417 GMT 12 Apr 89

[Report: "There Was a Twofold Increase in the Number of Wholly Foreign-Owned Enterprises in Guangdong in the First Quarter of This Year"—ZHONGGUO TONGXUN SHE headline]

[Text] Guangzhou, 12 Apr (ZHONGGUO TONGXUN SHE)—On top of a marked increase in the number of investment agreements signed with foreign businessmen last year, there were another 43 wholly foreign-owned projects in the first quarter of this year, an increase of 200 percent over the same period last year.

In the first quarter of this year, the actual use of foreign funds by wholly foreign-owned projects in Guangdong were said to have exceeded \$11 million yuan, an increase of 7.8 times over the corresponding period last year.

Wholly foreign-owned enterprises are not limited to Shenzhen, Zhuhai, and Shantou special economic zones. A large number of such enterprises are also being set up in Guangzhou, Dongguan, Jiangmen, Huizhou, and Zhanjiang, as well as Meizhou, Shaoguan, and other mountain areas. These enterprises are all-inclusive, including textile and other light industries, building, aquatic, food, and other industries.

It is said that Guangdong upholds the strategy of developing the coastal areas and implements the policy of "leaving one side of the net open" so that foreign businessmen feel ready to run wholly-owned enterprises here. Some data show that the province signed a total of 102 contracts on wholly foreign-owned enterprises last year, or 70 percent of the total in the previous 9 years. The actual use of foreign funds by these projects exceeded \$100 million, or 55 percent of the total in the previous 9 years.

Inadequate Investment Threatens Guangdong
HK1704021089 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 17 Apr 89 p 2

[Text] Guangdong Province and the country's southwest will become acute in about six years unless investment in Guizhou Province, the southern provinces' biggest coal supplier, is increased, an expert attending the recently concluded session of the Seventh National People's Congress told BUSINESS WEEKLY. [sentence as published]

Lu Jieke, senior engineer of the Shuicheng coal mine, the largest in Guizhou, drew a gloomy picture of the province's coal production in the near future.

He said that, in about six years, Guizhou will be unable to meet its own coal needs. Currently, the province provides coal to Guangdong, Guangxi, Yunnan, Sichuan, Zhejiang and Hainan.

He estimated that total demand for the province's coal would reach 63 million tons by 1995. But total production is predicted to reach only 42 million tons, assuming that scheduled investment is forthcoming, which is not altogether certain.

Last year, the province turned out 32 million tons of coal, about 60 per cent of which was transported to other provinces.

Of the total, state-owned coal mines produced 11.6 million tons, only 36 per cent. The rest were turned out by rural coal mines run by local governments or individuals.

Both rural coal mines and those run by the state are suffering the same problem now—shortage of investment.

Because of this, production in rural coal mines is shrinking, Lu said.

And state-owned coal mines are also experiencing a decline. Thus, total coal production this year is estimated to reach 29.8 million tons, about 2.4 million tons less than that in 1988.

Lu said the central government plans to invest 718 million yuan in Guizhou's coal industry during the Seventh Five-Year Plan period (1986-90). Even so, he said, it appears that the planned investment targets will not be met.

Lu said that, from 1986 to 1988, investment in the province's coal industry was 245 million yuan. This year, investment has been reduced to 60 million yuan compared with last year's 90 million yuan.

Even so, it is not clear when the allocated investment can be put in use this year in light of Vice-Premier Yao Yilin's statement in his report to the National People's Congress that no new projects may be started before July.

Lu said it is highly unlikely that the remaining 400 million yuan of the planned 718 million yuan investment will be provided within the one year of 1990—the last year of the Seventh Five-Year Plan.

He is also not sure whether the planned 1,620 million yuan earmarked for the province's coal industry in the Eighth Five-Year Plan (1991-95) will actually be provided.

He said if the planned investment is forthcoming, coal production in the province can be increased to 42 million tons in 1995, but this will still fall 21 million tons below demand.

Coal demand by then will be at least 63 million tons because six coal-fueled power plants, one iron and steel works and one coke plant, which have all been approved by the State Planning Commission and some of which are already under construction, are scheduled to enter into operation before 1995.

Guangxi Leader Speaks on Population Issue
HK1604052389 Nanning Guangxi Regional Service in Mandarin 1100 GMT 15 Apr 89

[Excerpts] [Passage omitted] Yesterday afternoon the regional government convened a radio and television broadcast meeting on the 1.1 billion population day. Wei Chunshu, Tao Aiyang, (Liu Mingzu), Xiao Xuchu, Zhong Jiazuo, Huang Jia, Cheng Kejie, and others attended the gathering. [passage omitted]

In a speech, Comrade Wei Chunshu said that Guangxi's population rose by 720,000 in 1988, with a natural growth rate of 15.8 per 1,000. The region's population has now reached 41.09 million, and on average there are 2,466 births every day. If this growth rate continues, the region's population will exceed 50 million by the end of the century, far beyond the 45 million control target assigned by the state. The party committees and government at all levels must therefore fully understand the importance of the population issue in Guangxi and truly grasp family planning work as a major affair. [passage omitted]

Hubei's Grain Procurement Prospects 'Grim'
HK1704012989 Wuhan Hubei Provincial Service in Mandarin 1130 GMT 16 Apr 89

[Excerpts] The provincial government held an urgent telephone conference yesterday evening, which called on all localities to do everything possible to make capital available in preparation for the procurement of summer agricultural and related products.

In a speech, Vice Governor Han Hongshu pointed out that it is estimated that 2.6 billion yuan in capital will be required for the procurement of summer grain, oil, and other agricultural and related products. At present the capital situation in the province remains extremely grim. We must overcome all difficulties to ensure the capital for the summer harvest. The provincial party committee and government demand that there be no issuing of blank checks for procuring agricultural and related products this year. This must be resolutely enforced everywhere. [passage omitted]

The capital for this summer harvest must mainly be secured in the following ways: 1) the proceeds from sales by the grain and supply and marketing departments; 2) tapping of potentials by the grain, supply and marketing, and procurement departments; 3) capital made available from increased bank deposits after loan repayments; 4) financial department subsidies for increased grain and oil prices. The provincial authorities should assign tasks for each area and department regarding these four aspects. [passage omitted]

Hunan Acting Governor Addresses Money Shortage
HK1804064589 Changsha Hunan Provincial Service in Mandarin 2200 GMT 17 Apr 89

[Excerpts] While speaking on approaching the money shortage problem at Yiyang yesterday morning, acting Governor Chen Bangzhu pointed out: To address the problem, we must tap internal potential.

Yesterday morning, Chen Bangzhu led a group of responsible comrades from the provincial planning commission, the provincial economic commission, and the banking system to Yiyang to conduct an on-the-spot inspection. [passage omitted]

Chen Bangzhu also pointed out: At present, efforts must be focused on attracting more bank savings deposits. The province's consumption fund in the first quarter of the year increased by 24 percent over the same quarter last year. This means that more potential can be tapped from among the people. Banks must improve their service and try in every possible way to attract more savings deposits.

Hunan Notes Industrial Structure Problems
HK1604020589 Changsha Hunan Provincial Service in Mandarin 2200 GMT 15 Apr 89

[Text] The provincial government held a press briefing on 15 April to announce the present situation and the problems in Hunan's industrial structure, together with views on implementing the industrial policy.

Wang Xiaofeng, chairman of the provincial planning commission, said that at present, the capacity of the ordinary processing industry in the province is too high, while there are serious shortfalls in primary sectors such

as agriculture, energy, communications, and raw materials. The quality of industry is poor, and the economic returns on substantial-scale operations are not good.

In view of this, in developing industry, the province will give priority to agriculture and to production and construction for products for supporting agriculture. It will regard light and textile industry products in keen demand in the markets and daily necessities as current focal points for support. Prominent arrangements will be made for agriculture, energy, raw materials in short supply, and communications and transport.

Southwest Region

Aftermath of Sichuan Earthquake Described
OW1804095489 Beijing XINHUA in English 0936 GMT 18 Apr 89

[Text] Beijing, April 18 (XINHUA)—At least seven people died in Batang County, in southwest China's Sichuan Province, Monday in a series of aftershocks following an earthquake the previous day that measured 6.7 on the Richter scale.

According to today's "PEOPLE'S DAILY", the most serious of the aftershocks measured 4.4 on the Richter scale.

Some 37 other people were injured and 700 houses destroyed, the paper said.

Telephone communications linking Batang County with neighboring counties were cut for five hours.

Heavy snow fell in the mountainous region on the day of the earthquake, further hampering communications.

Casualties and damage in neighboring Markam County, a region inhabited by Tibetans, is still unknown as roads have been cut.

Sichuan Family Planning Violators Disciplined
HK1804005889 Beijing CHINA DAILY in English 18 Apr 89 p 1

[By staff reporter Gu Chengwen]

[Text] As part of a strict population control programme in Sichuan, the country's most populous province, a large number of government officials and Communist Party members have been disciplined in the past two years for failing to meet family planning quotas, local officials said.

The Party's disciplinary departments refused to disclose the exact figure.

Overall, however, the programme appears to be working. Sichuan has 105.8 million people, about 10 per cent of the nation's total. But its birth rate in 1988 was one of the lowest in the country.

There were 224,470 fewer births last year than in 1987, a decrease of 13.05 per cent, according to Zhong Kan, director of the Provincial Family Planning Commission.

As a result, its natural population growth rate was the lowest of all inland provinces. Only the coastal provinces of Liaoning, Jiangsu, Zhejiang and Shandong had lower growth rates.

Explaining how population control works in Sichuan, Zhong said in an interview with CHINA DAILY that in 1987 the provincial legislature passed family planning regulations which divided the province into five categories—cities, flatlands, hilly areas, high-altitude and ethnic minority areas—and allowed each to pursue different approaches to family planning.

Within regulations, governments at all levels down to villages and households formulated specific plans.

Government officials who fail to fulfill the local plan not only forfeit promotion, but are subject to penalties.

Zhang said family planning has been part of the province's aid the poor programme and has generally been successful.

The people are taught that high population growth the shrinkage of arable lands and backward manual farming techniques are the main causes of their poverty, he said. Local governments have adopted various measures to encourage people to develop the economy before having more children.

Under the aid-the-poor programme, one-child families are given priority in credit, high quality seeds and equipment.

Those who have had more children than the State-fixed level must commit themselves to stricter birth control before they can receive State economic support.

Some formerly poor counties such as Bazhong, Wangcang and Nanchuan have managed to limit their population growth to eight births per thousand residents or even lower, and, as a result, have risen above the poverty level.

Sichuan local governments set aside 68 million yuan each year for family planning programme in addition to 2 million yuan exclusively for aiding those whose per capita income falls below the State determined poverty level of about 200 yuan a year.

Sichuan Scheduled To Improve Travel Service
OW1604101089 Beijing XINHUA in English
0122 GMT 15 Apr 89

[Text] Chengdu, April 15 (XINHUA)—Sichuan, known as the "heavenly land of plenty", is to improve its tourist facilities and travel service, local officials have announced.

At a meeting of local tourism officials which ended Friday, it was announced that the province will try to attract more tourists this year.

The number of overseas tourists to Sichuan has been increasing by 30 percent a year since 1979. Last year, Sichuan had 170,000 overseas travellers.

Officials said they believed they could get more people to come to the province, among whose attractions is Mt. Emei, one of the Buddhist mountains in China.

But tourists have complained about the quality of service, dirty scenic spots and poor transportation. All of these should be tackled, the meeting decided.

Tibet Party Official Stresses Propaganda Work
HK1704050689 Lhasa Tibet Regional Service
in Mandarin 1130 GMT 13 Apr 89

[Text] At a regional propaganda work conference which concluded on the morning of 13 April, regional party committee deputy secretary Dandzin emphasized: The overall guiding ideology for the present propaganda work is to unfailingly give publicity to the party's line, principles and policies, and to the dual-tactics principle stressed by the regional party committee to progressively push ahead different fields of work in the region.

Comrade Dandzin pointed out: Our country is now in a stage of great historical change. Our propaganda work must meet the needs of the new historical period, so its tasks are very arduous. Under such circumstances, it is essential to improve and strengthen our propaganda work, and conduct more social investigations to understand what the people are thinking and reflect their voice. Meanwhile, it is necessary to analyze social formation and developments so that our propaganda work can hit home. It is also necessary to study theory and propaganda policies to improve the quality of propaganda. Propaganda departments at different levels should also encourage propaganda workers to study hard and enhance their political integrity, and professional competence to fulfill the glorious tasks assigned by the new historical period to propaganda workers.

Lhasa Riots Depress Tibet's Tourism Industry
OW1404193789 Beijing XINHUA in English
1521 GMT 14 Apr 89

[Text] Beijing, April 14 (XINHUA)—The recent riots in Lhasa, capital of the Tibet Autonomous Region, have had a dampening effect on the tourism industry there.

Today's overseas edition of the "PEOPLE'S DAILY" reported that the imposition of martial law in Lhasa March 7 made it impossible for a large number of tourist groups to go to Tibet, losing the region 3.5 million yuan.

Tibet opened to foreign tourists in 1980. Since then it has received 100,000 tourists, and the tourism industry has become a backbone of the region's economy.

In 1987 alone it received 40,000 tourists and earned eight million U.S. dollars, the paper said.

However, because of the riots, there has been a slackening of tourism in the peak month of April, and compensation has had to be paid for cancelled tours.

Yunnan Leader Assesses Population Problem
HK1704010989 Kunming Yunnan Provincial Service in Mandarin 1000 GMT 16 Apr 89

[Text] The propaganda department of the provincial party committee, the provincial statistics bureau, and the provincial family planning commission held a forum in Kunming yesterday on the occasion of the 1.1 billion population day. The meeting called on every citizen to establish a sense of urgency and responsibility regarding population control, be concerned for the population problem, and get a thoroughly good grasp of family planning work.

Nie Ronggui, deputy secretary of the provincial party committee, spoke at the meeting. He said that the whole country is facing a grim population situation, and that the situation in Yunnan is even more grim. We must attach great importance to this. Yunnan now has a population of 35.9 million, more than double the 1949 figure. As a result, living standards, grain, and incomes are notably below the national average. The excessively rapid growth of population is seriously hampering the province's economic and social development.

In the face of the grim population situation, the party committees and government at all levels must continue to assign an important place to family planning work and regard it as of equal importance with economic work. While grasping improvement and rectification, we must achieve tangible results in family planning.

Indiscriminate Lumbering Occurring in Yunnan
HK1704082689 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 15 Apr 89

[Excerpt] The provincial people's government today issued a circular, calling on all local authorities to take immediate measures to check the evil practice of indiscriminately lumbering and felling forests.

The circular pointed out: Since implementing the directive issued by Vice Premier Tian Jiyun last July on stopping the open plunder and robbery of forest timbers in the forest areas along the Jinsha Jiang, the evil trend of indiscriminately lumbering and felling forests on a large scale has basically been halted in our province, but sporadic instances of stealthily felling and wantonly lumbering forests have never completely stopped. Acts of openly plundering and robbing forests by gangs are

particularly prominent. There have even been serious incidents of forcibly running through timber inspection stations and beating public security personnel and forest guards in some areas.

In this connection, the provincial government called on governments at various levels to reach a common understanding and study and adopt measures to stop the indiscriminate felling and lumbering of forests. Meanwhile, some cadres must be dispatched to mountain villages and afforested areas where indiscriminate felling and lumbering of forests are running rampant in order to make a fine job of propaganda work and stop such abuses in time. Efforts must be concentrated on investigating and dealing with serious cases within a definite length of time, and some serious cases of forest destruction which have not been dealt with must be handled before the end of May. [passage omitted]

North Region

Xing Chongzhi Visits Hebei City 21-23 Mar
SK1804055089 Shijiazhuang HEBEI RIBAO in Chinese 28 Mar 89 p 1

[Text] After hearing the reports made by responsible comrades of the Chengde City party committee and the city government in Chengde City from 21 to 23 March, Xing Chongzhi, secretary of the provincial party committee, successively conducted investigations and study of the Chengde iron and steel plant, the Chengde mining machinery plant, the Chengde City jute chemical fiber and textile plant, the first city knitting mill, the city pharmaceutical plant, the city canned food plant, the city vocational senior high school, Lizhengmen Primary School, and the city tax bureau.

Regarding the issue that some civil-run schools were behind in giving wages to teachers, Xing Chongzhi said to responsible comrades that this indicated the city's failure to solidly foster the concept that education is the foundation for conducting a project of vital and lasting importance. In fact, civil-run school teachers' wages were very low. Why was the city in arrears with their wages instead of those of cadres? In the final analysis, this was a question concerning understanding. Some leading comrades failed to truly transform the central authorities' ideologies into guiding ideologies of their own. Although there are many educational problems, leading comrades failed to pay attention to them. They also failed to make the most of the limited money. As a result, some problems and difficulties were solved at a slow pace. The economic development was strictly restricted along with the slow development in education. The city is poor, although there is great potential. Why is the city poor? Because it failed to tap the potential or develop its natural resources. To develop natural resources, we must develop intellectuals and attend to education. Our cadres should pay attention to education, respect knowledge

and skilled persons, and actually foster a concept that education is the foundation for conducting a project of vital and lasting importance.

Regarding the questions concerning the shortage of funds for running vocational senior high schools and concerning student recruitment and distribution, Xing Chongzhi said that we should conscientiously study ways to further vitalize vocational education. Vocational middle schools should maintain contacts with enterprises and establishments to cultivate skilled persons according to their demands. We can solve the problems concerning recruitment of students and distribution of graduates in this way. Another method is to link the education for permanent students with that for temporary students. All the other units are allowed to conduct vocational education through television broadcasts. The training period can be changed according to requirements. Those who need 1 year of training should attend 1-year training courses and those who need 6 months of training should attend 6-month training courses. Teaching and practice should be carried out respectively in and outside the schools. We should employ various units for this practice. Meanwhile, we should pay attention to linking the study of specialized technology with education on professional ethics. The city government can work out a rule requiring employees of the units to attend the professional training courses before taking on their new jobs. Otherwise, the units would not be permitted to employ them. The ranks of staff and workers will be upgraded to a great level in this way.

After hearing the report of the city tax bureau, an advanced unit emerging from the improvement of administrative honesty, Xing Chongzhi said: To solve the problems concerning tax evasion, we should strictly manage the taxation work according to law, strengthen the education on the law on taxes, and pay special attention to solving the problems concerning bribes to tax collectors and concerning the small number of tax collectors accepting bribes. We should strengthen the construction of the ranks of tax collectors and set up a strict examination system and a mechanism by which tax collectors supervise and restrict each other. Tax bureau heads and branch heads (section heads) should assume responsibility for the mistakes made by tax collectors at lower levels, or even be punished. Problems should be discovered promptly, and those with problems should be investigated and handled quickly. In short, we should strictly manage the ranks of tax collectors and ensure that they do not make mistakes or violate discipline. If we fail to strictly investigate or handle a small number of people, we may be unable to manage the majority of the people.

Hebei's Langfang City Elects New Leading Bodies
SK1804051889 Shijiazhuang HEBEI RIBAO
in Chinese 29 Mar 89 p 1

[Excerpt] According to the State Council and the provincial People's Congress Standing Committee's decision on abolishing Langfang Prefecture and Langfang City

and setting up Langfang City (prefectural level), the first Langfang City People's Congress held its first session from 22 to 26 March, and the first city Chinese People's Political Consultative Conference [CPPCC] Committee held its first session from 20 to 24 March. The sessions elected Zhao Huichen [6392 1920 5255] as chairman of the city People's Congress Standing Committee, Zhao Cheng [6392 6134] as mayor of the city, and Li Zhenzhou [2621 2182 3166], chairman of the city CPPCC committee.

The newly organized Langfang City has jurisdiction over Anci District (formerly Langfang City), and eight counties, specifically Sanhe, Dachang, Xianghe, Guan, Yongqing, Baxian, Wenan, and Dacheng. The area of the city is 6,429 square km, with a population of 3.17 million. [passage omitted]

Inner Mongolia Expands Trade, To Open Ports
HK1804071789 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0652 GMT 15 Apr 89

[Report: "Inner Mongolia Is Expanding Border Trade With the Soviet Union and Mongolia"—ZHONGGUO TONGXUN SHE headline]

[Text] Beijing, 15 Apr (ZHONGGUO TONGXUN SHE)—The Inner Mongolia Autonomous Region is taking advantage of its geographic conditions to further develop economic and trade relations with the Soviet Union and Mongolia.

In 1988 Inner Mongolia's total export trade volume was about \$300 million. Of this, the trade volume with the Soviet Union and Mongolia was 140 million Swiss francs.

Inner Mongolia has a long border, and its boundary line with the Soviet Union and Mongolia extends over 4,200 km. Due to the many small border towns, there has been a tradition of commercial intercourse among the people in the past. At present, both parties are very enthusiastic about launching small-scale trade between border towns. In addition to Manzhouli, which is open to Zabaysk of the Soviet Union, and Erenhot, which is open to Dzhamyn Uud of Mongolia, Inner Mongolia plans to open some small border ports by stages and in groups.

Inner Mongolia reportedly plans to open up small ports to the Soviet Union and Mongolia with the principal aim of developing nongovernmental trade with the two countries. Although the trade volumes are small and fragmentary, they will greatly facilitate the expansion of nongovernmental trade contact.

In the two ports of Erenhot and Manzhouli, the equipment is backward and the facilities are imperfect. The backlog situation is serious and the freight transport capacity has reached a saturation point. The Inner Mongolian authorities hope that the state will step up the railway-laying project between Harbin and Manzhouli and build a warehouse in Manzhouli and one in Erenhot

with a floor space of 10,000 square meters each. They also suggest that the central government hold talks with the Soviet Union and Mongolia on opening border highway transport.

Inner Mongolia's border trade with the Soviet Union and Mongolia is regarded as a flexible trade channel which the state has adopted to develop the economy and compensate for each other's shortages in outlying areas inhabited by the ethnic minorities. It has a strong local character and is different from ordinary trade between states. Therefore, the local government of Inner Mongolia demands that, while ensuring trade under state agreements, the state be able to appropriately decentralize power, implement a preferential policy, and give specific guidance and support on such matters as examining and approving import and export in Inner Mongolia's border trade, collecting customs duties, retaining a portion of foreign exchange through export, and transporting import and export goods.

Military Cable Theft Case Solved in Shanxi
OW1804042489 Beijing XINHUA Domestic Service
in Chinese 1255 GMT 15 Apr 89

[By reporter Zhao Su, and correspondent Wang Pu—local broadcast news service]

[Text] Taiyuan, 15 Apr (XINHUA)—The Houma City Public Security Bureau, Shanxi, recently cracked a major case concerning theft of cables for military communications.

The culprit in the case, Wang Liewu, is a native of Houma Township in Houma City. During the period from 13 February to 10 December 1988, he worked in collusion with Yang Fengguo, a drifter from Shunmin Township in Mancheng County, Hebei; and Zhang Linsheng, a peasant from Hejiazhuang Township in Linfen City, Shanxi, to steal nearly 150,000 meters of copper cable on 42 occasions, thus seriously ravaging military communication facilities and affecting the communication between military units. After several months of meticulous investigation, the Houma Public Security Bureau has captured the three culprits in one stroke. The case is being investigated.

Northeast Region

He Zhukang Participates in Jilin Land Project
SK1804081189 Changchun Jilin Provincial Service
in Mandarin 2100 GMT 16 Apr 89

[Excerpts] Qian Gorlos Mongol Autonomous County has mobilized the strength of the whole county to improve the sandy land in (Baishajian). At present, it has planted more than 50,000 mu of trees on the sandy land, planted more than 4,000 mu of grass, and more than 40,000 mu of windbreaks. [passage omitted]

The (Baishajian) sandy land improvement project of Qian Gorlos Mongol Autonomous County has not only won the support of the people of the whole county, but also the interest of the relevant provincial departments. The provincial water resources and agricultural departments have dispatched specialists to inspect (Baishajian) and to help in planning and conducting the comprehensive improvement project. In addition, they have given material and economic support. He Zhukang, secretary of the provincial party committee, has been very much interested in this sandy land improvement project of Qian Gorlos County. He personally set his contract green spot at (Baishajian).

On 13 April, He Zhukang went to (Baishajian) to inspect the sandy land improvement project, heard briefings on the plans for improving the sandy land, and planted trees along with the local cadres and the masses. After planting trees, he said: It was very good of Qian Gorlos to decide on improving the sandy land. It has set a good example for the entire province. If we fail to plant trees, this area will cause greater harms after 10 years. The key to making the whole province green lies in Baicheng. If Baicheng improves in tree-planting, the entire province will be green.

'Excerpts' of Liaoning 1988, 1989 Financial Report
SK1604114289 Shenyang LIAONING RIBAO
in Chinese 16 Mar 89 p 3

["Excerpts" of financial report delivered by Bai Yinxian, deputy director of the Liaoning Provincial Finance Department, at the second session of the seventh provincial People's Congress: "Try All Possible Means To Increase Revenue, and Strive To Achieve a Balance Between Revenue and Expenditure"—date not given]

[Text]1. Final Accounts of 1988

In 1988 the province conscientiously implemented the central authorities' principle of "further stabilizing the economy and deepening reform"; carried out an extensive and in-depth campaign for increasing production, practicing economy, increasing revenues, and reducing expenditures; further improved the various forms of the contracted management responsibility system; and strived to improve economic results. This facilitated the development of industrial and agricultural production. We adjusted the product mix in industrial production and paid close attention to product quality, thus maintaining a stable growth in production. The industrial output value totaled 103.07 billion yuan, an increase of 15.2 percent over the preceding year; a fairly good harvest was reaped in grain production despite such natural adversities as high temperatures and drought; the agricultural output value reached 10.41 billion yuan, an increase of 5.9 percent; and total grain and soybean output came to 13.072 million tons, an increase of 2.4 percent. New progress was achieved in the national economy and in various undertakings. All this played an important role in fulfilling the budget. The provincial budget was fulfilled successfully.

A. Revenue

The province's revenue budget as approved at the fourth Standing Committee meeting of the seventh provincial People's Congress was 11.184 billion yuan; but the actual amount was 11.756 billion yuan, which exceeded the budget by 572 million yuan and was an increase of 960 million yuan, or 8.9 percent over the preceding year. This was a result of an increase in industrial and commercial taxes, a decline in the income of industrial enterprises, and an increase in the deficits of grain enterprises. Industrial and commercial taxes totaled 10.44 billion yuan, equivalent to 106.3 percent of the annual budget, an increase of 14.7 percent, or 1.34 billion yuan over the preceding year. The income of industrial enterprises was 1.42 billion yuan, equivalent to 96.7 percent of the annual budget, a decline of 190 million yuan, or 11.8 percent, from the preceding year. The income of commercial enterprises came to 75 million yuan, equivalent to 161.6 percent of the annual budget, an increase of 10 million yuan, or 18.7 percent, over the preceding year. To subsidize the deficits of grain enterprises, 830 million yuan was allocated from the treasury. This is equivalent to 99.2 percent of the annual budget and is an increase of 160 million yuan, or 23.5 percent, over the preceding year. However, 280 million yuan to subsidize the deficits had yet to be allocated (140 million yuan for the preceding year and another 140 million yuan for 1988). The increased deficits of grain enterprises every year created very heavy burdens on finance departments. In addition, our province sold 530 million yuan of treasury bonds in 1988, overfulfilling the state-assigned task by 1.7 percent.

B. Expenditures

The province's expenditure budget as approved at the fourth Standing Committee meeting of the seventh provincial People's Congress was 8.98 billion yuan. In the process of carrying out the budget, the central authorities successively allocated a total of 280 million yuan in funds to the province for special purposes, of which 40 million yuan was used to increase expenditures. In addition, all localities used the funds carried over from the preceding year and the above-quota amount of the revenues of the year to add 1.09 billion yuan in expenditures. Finance departments at various levels also increased their funds transferred in from other localities by 20 million yuan. As a result, the adjusted expenditure budget was 10.41 billion yuan. The actual amount of the province's expenditures came to 9.27 billion yuan, equivalent to 89.0 percent of the budget and an increase of 1.23 billion yuan, or 15.3 percent over the preceding year. The actual amount of expenditures was less than the budget because some quotas of expenditures for special purposes were assigned rather late by higher authorities, some expenditure projects were to be carried out in the next year, and some units enjoyed a surplus of funds after instituting the contract system. At year's end, some funds, primarily the expenses in support of agriculture and the subsidies for increased grain and oil purchasing prices had to be carried over for use in the next year.

In 1988 the province's achievement in keeping general expenditures within the budget, despite the numerous factors for increasing the expenditure created by the state and the substantial increase in price subsidies, should be attributed to the great efforts by governments at various levels. The essential breakdown of expenditures was as follows: The expenditure on capital construction totaled 940 million yuan, equivalent to 86.2 percent of the budget and an increase of 40 million yuan, or 4.0 percent over the preceding year. The expenditure on science and technology (including funds for the three scientific and technological purposes and funds for scientific operation) totaled 180 million yuan, showing an increase of 30 million yuan, or 28.5 percent over the preceding year. The expenditure on education came to 1.19 billion yuan, equivalent to 98.2 percent of the budget and an increase of 250 million yuan, or 26.5 percent over the preceding year. Of the expenditure on education, 800 million yuan was expended on personnel, an increase of 190 million yuan, or 31.9 percent over the preceding year. This was primarily because of the increase in the number of teachers and administrative personnel throughout the province and the increase of wages, bonuses, and subsidies; and 390 million yuan was funds for public use, an increase of 50 million yuan, or 16.2 percent over the preceding year. The expenditure on agriculture (including the expenses in support of rural production and the funds for farming, forestry, and water conservation projects) totaled 630 million yuan, equivalent to 83.9 percent of the budget and an increase of 60 million yuan, or 11.3 percent over the preceding year. In addition, extrabudgetary funds used in agriculture totaled 230 million yuan, 45 million yuan more than in the preceding year. The expenditure on administration was 630 million yuan, equivalent to 95.7 percent of the budget and an increase of 150 million yuan, or 31.8 percent over the preceding year. The substantial growth in the administrative expenditure resulted from price increases and the upgraded standards in various expenses. The expenditure on price subsidies totaled 2.1 billion yuan, equivalent to 87.8 percent of the budget and an increase of 250 million yuan, or 13.3 percent over the preceding year. Its was used primarily to subsidize the differentials in vegetable prices, grain and oil prices, and market prices of meat.

C. The Situation in the Balance Between Revenue and Expenditures

The province's 1988 revenue (excluding energy and communications funds and the deficits of foreign trade enterprises) totaled 11.756 billion yuan. Adding the 2.354 billion yuan of allocations from higher authorities for special purposes and supplementary revenue, the 1.07 billion yuan carried over from the preceding year, and the 60 million yuan from other sources, the total amount was 15.24 billion yuan. Expenditures for the year totaled 9.27 billion yuan. If the 5.24 billion yuan of funds delivered to the central authorities is added, the total expenditure was 14.51 billion yuan. Balancing the revenue and the expenditure, the 1988 budget showed a

surplus of 730 million yuan. If the 1.19 billion yuan of funds to be carried over to the next year is deducted, the accumulated deficits totaled 460 million yuan (170 million yuan from the preceding year and 290 million yuan incurred in 1988).

In the fourth quarter of the year, because of the state's tighter control over money supplies and retrenchment of credit, banks experienced shortages of funds for some time and withheld the taxes to be delivered to higher authorities, thus creating difficulties to the fund operation of finance departments at various levels. Governments at various levels and relevant departments adopted timely measures to enable the greater part of the withheld taxes to be delivered to higher authorities by the end of the year, thus generally satisfying the demands for funds for the development of production, construction, and other undertakings. However, some problems also existed in our work, such as, to name the major ones, the very conspicuous contradictions between the supply and demand of funds and a lack of effective measures for macroregulation and control. They should be conscientiously solved when carrying out our work in the future.

2. The 1989 Budget

Nineteen eighty-nine is the year for "improving the economic environment, rectifying economic order, and comprehensively deepening reform." Liaoning's production setup decides on the many difficulties it will encounter when improving, rectifying, and adjusting the economy. Particularly in the situation of strained supplies of electricity, funds, transportation facilities, and raw materials, the growth rate will slow down and revenue will also be affected. Moreover, a very large proportion of the increase in expenditures in the past few years was "rigid" expenditures which could not be reduced. The state will implement price adjustment and wage reform measures under circumstances in which the contradiction between the supply of and demand for funds is very conspicuous. This will increase our financial burden and the contradiction between the supply of and demand for funds will become even more conspicuous. The province as well as some cities and counties have experienced financial deficits for several consecutive years and encountered many difficulties in the operation of funds. If deficits are incurred in 1989, budgetary funds will be unable to operate normally. Therefore, our financial situation is rigorous.

Based on the guidelines of the 3d plenary session of the 13th party Central Committee and the actual conditions in our province's economic development, the guiding principles for arranging the 1989 budget are to adopt all possible means to increase revenue through improving and rectifying the economy, deepening reform, perfecting contracts, improving economic results, strengthening tax collection and management, and opening up financial resources; to implement the policy of retrenchment in expenditure and ensure some necessary projects while

reducing others; to ensure on a priority basis the new price and wage reforms and the funds needed in the projects concerning "feeding the people" with this year's newly increased financial resources and then to increase the public funds for education, the input into agriculture, and the expenses on science and technology as much as possible; and to keep the expenses for other purposes at the same level as the preceding year or lower. We should curtail the demand for funds, increase the effective supply of funds, strive to achieve a balance of revenue and expenditures at every level, make our budget conform to the needs in the endeavor of improvement and rectification, and promote the appropriate development of production and construction. In line with this guiding ideology, we defined the principles for arranging the 1989 expenditure budget as to make the guiding ideology of invigorating enterprises and invigorating grass-roots levels remain unchanged; to leave unchanged the contract system applied to enterprises of various categories and the contracted base figures; to leave unchanged the revenue system of progressively increased quotas applied by the province toward cities and the cities toward counties; to leave unchanged the principle of having every level share the decreases in revenue and increases in expenditures; and to achieve a balance of revenue and expenditures and refrain from making a deficit budget.

Based on the aforementioned guiding ideologies and principles, the 1989 budget is arranged as follows:

A. Revenue

The province's 1989 budget is arranged at 12.52 billion yuan, an increase of 1.19 billion yuan, or 10.5 percent over the preceding year in terms of comparable standards.

Industrial and commercial taxes are arranged at 11.77 billion yuan, up 1.33 billion yuan, or 12.8 percent from the preceding year. The agricultural tax; the tax on farm, forestry, and special products; and the deed tax are arranged at 230 million yuan, an increase of 50 million yuan, or 27.6 percent over the preceding year. The income of industrial enterprises is arranged at 1.357 billion yuan, a decrease of 58 million yuan, or 4.1 percent, from the preceding year. This was mainly because of a reduction in the profit delivery of key renovated enterprises and because of the machinery enterprises affected by the scale-down of capital construction. The income of commercial enterprises is arranged 61 million yuan, down 14 million yuan, or 18.4 percent from the preceding year. To subsidize loss-making grain enterprises, 1.27 billion yuan will be allocated from the treasury, an increase of 440 million yuan, or 52.7 percent over the preceding year. The income from the state budgetary regulating funds is arranged at 370 million yuan. The 670 million yuan allocated by the central authorities to subsidize the deficits of foreign trade enterprises will be included in the local budget.

B. Expenditures

The province's expenditure for 1989 is arranged at 11.01 billion yuan, an increase of 600 million yuan, or 5.8 percent over the 1988 budget.

According to the requirement for financial retrenchment and the principles for distribution of the expenditure, the essential breakdown for the expenditures is as follows: The expenditure on capital construction is arranged at 840 million yuan, which is 260 million yuan, or 23.6 percent less than the 1988 budget. The expenditure on agriculture (including expenses in support of rural production and funds for farming, forestry, and water conservation projects) is arranged at 850 million yuan, an increase of 110 million yuan, or 14.1 percent. Extrabudgetary funds that can be used in agriculture total 350 million yuan, 120 million yuan more than the preceding year. The 1989 budgetary and extrabudgetary funds that can be invested in agriculture may reach 1.21 billion yuan, an increase of 230 million yuan, or 23.4 percent, over the preceding year. The expenditure on science and technology (including funds for the three scientific and technological purposes and funds for scientific operation) is arranged at 230 million yuan, an increase of 40 million yuan, or 17.5 percent, over the preceding year. The expenditure on education is arranged at 1.36 billion yuan, an increase of 150 million yuan, or 12 percent, over the preceding year, which is higher than the growth rate of revenue. It is estimated that the 1989 budgetary and extrabudgetary funds that can be used in education may reach approximately 2 billion yuan, showing a substantial growth over 1988. The expenditure on administration is arranged at 700 million yuan, an increase of 6.3 percent. The expenditure on subsidies for various price differentials is arranged at 2.84 billion yuan, an increase of 440 million yuan, or 18.6 percent over the preceding year. This is primarily because the state raises the purchasing prices of farm and sideline products, and the subsidies for this will increase accordingly.

The aforementioned arrangements for the expenditure budget embody the spirit of improvement, rectification, and reform; attain the progressively increased revenue quotas; and implement the principle of ensuring some necessary expenses while reducing others. The budgetary revenue and expenditure are balanced.

3. Work Hard To Fulfill the 1989 Budget

We should achieve success in the following work to satisfactorily fulfill the 1989 budget. We should deepen enterprise reform, perfect the contracted management system, and facilitate the improvement of economic results. We should strengthen the legal system concerning tax collection, rectify the tax collection order, strictly implement the tax collection policy, and see to it that all taxes that should be collected are collected. We should conscientiously carry out the measures for improvement and rectification and launch in-depth campaign for increasing production, practicing economy, increasing revenue, and reducing expenditures. We should resolutely retrench expenses and check the demand for

funds. We should strengthen township and county financial work. We should strengthen the management of the budget. We should strengthen the management of extrabudgetary funds. We should mobilize all forces of society to ensure that the 1989 budget is fulfilled.

In 1989 our province's tasks for economic construction and its tasks for revenue and expenditure will be very heavy, and hard work is required in order to fulfill the budget. We should unify our thinking; work in unison; arouse our spirit; unswervingly implement the principle of improving the economic environment, rectifying economic order, and comprehensively deepening reform; unswervingly carry out the strategy of opening Liaodong peninsula to the outside world; launch an extensive and in-depth campaign for increasing production, practicing economy, increasing revenue, and reducing expenditures; and strive to fulfill the 1989 budget.

Northwest Region

Shaanxi's Zhang Boxing Reviews Party Issues
HK1604025789 Xian Shaanxi Provincial Service
in Mandarin 2330 GMT 15 Apr 89

[Excerpts] The Shaanxi provincial meeting on education for party members concluded on 15 April after 5 days in session. The main topics of the meeting were strengthening education for party members, insisting on governing the party with strictness, and ensuring the implementation of the party's basic line. [passage omitted]

Provincial party committee Secretary Zhang Boxing spoke at the conclusion of the meeting. He said that at present the party is in a period of extensive and profound historic change and is facing many new problems and tests. This requires all the more that we attach importance to party building and strengthen it. He expressed the hope that the party committees at all levels will uphold the guideline of grasping things with two hands, and assign strengthening party building an important position in the work of the party committees.

On how to strengthen the building of party systems and embark on a new road of governing the party with strictness, Zhang Boxing said that judging by the history of the international workers' movement and the historical experiences of our party, we cannot rely on campaigns to eliminate the corrupt and maintain the party's advanced nature but must mainly rely on systems. We must integrate ideological education with the building of systems. In the current new situation of reform and opening up, it is particularly important to get a good grasp of building systems. [passage omitted]

Dong Jichang, deputy secretary of the provincial party committee, also spoke.

Gold Production Rises in Shaanxi Prefecture
OW1604060389 Beijing XINHUA in English
1037 GMT 15 Apr 89

[Text] Beijing, April 15 (XINHUA)—Gold production in Hanzhong Prefecture of Shaanxi Province has expanded at an annual rate of 58.6 percent since 1985, according to the latest issue of "CHINA GEOLOGICAL JOURNAL."

Last year, the prefecture's gold output reached 10,935 ounces, 32.2 percent more than 1987, the paper said.

According to the paper, the state and the local government have invested a total of 40 million yuan over the past four years to develop gold production in the prefecture.

By now, four gold mines and three ships for gold mining have been built and put into operation, and five other gold mining ships are under construction.

Meanwhile, a large gold mine covering an area of two square kilometers was discovered in Shandong peninsula. Construction of the gold mine has already begun, said the paper.

Commentary Views Xinjiang Ethylene Project
HK1704024989 Urumqi Xinjiang Regional Service
in Mandarin 1230 GMT 15 Apr 89

[Station Commentary: "A Vast Project Bringing Happiness to the People of All Nationalities in Xinjiang"]

[Excerpts] The leadership group for the Xinjiang 400,000-ton ethylene project was officially established today. This is a major affair worthy of celebration by the people of all nationalities in the region. [passage omitted]

As everyone knows Xinjiang's undertakings have registered great development since the 3d Plenary Session of the 11th CPC Central Committee and historic changes have taken place as a result of 10 years of reform and the common efforts of the people of all nationalities in the region. However, for various reasons, Xinjiang's level of economic development and living standards still lag far behind the country as a whole.

The construction of the ethylene project is a major measure for speeding up the region's economic development and narrowing the gap between Xinjiang and the rest of the country. Although the investment required for this project is very great, the economic returns will be very good and the project can become a steady and important source of revenue. It can lead forward the development of the region's light, textile, and chemical industries, and produce more plastic sheeting, protective awnings for livestock, and so on, which are urgently needed in the region's agriculture. [passage omitted]

It was not at all easy for the state to approve the construction of this vast project requiring 2.4 billion yuan in investment amid the new situation of improvement and rectification and deepening the reforms. This fully expresses the close concern of the CPC Central Committee and State Council for the people of all nationalities in Xinjiang. [passage omitted]

Commentary Discusses 'Taiwan Experience'
*HK1804091189 Beijing ZHONGGUO XINWEN SHE
in Chinese 0946 GMT 13 Apr 89*

[Commentary by Wang Jie (3769 2212): "Not a Wise Move—On Selling the 'Taiwan Experience'"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 13 Apr (ZHONGGUO XINWEN SHE)—The Taiwan authorities have recently been eagerly selling the "Taiwan Experience," making such a loud fuss about it that almost the whole world is aware of it. The body of "Taiwan Experience" is to be promoted to the mainland and, further, marketed to the "whole world."

What is the "Taiwan Experience" and through what channels will it be promoted to the mainland? What are the motives and purposes behind the promotion of this "Taiwan Experience?" These are questions that cause concern.

Since the time the "Taiwan Experience" promotion attracted media attention, this reporter has reviewed relevant newspapers and magazines looking for something that could be termed the "Taiwan Experience" and has been sadly disappointed. As Mr Li Denghui explained in his congratulatory New Year speech: "The so-called 'Taiwan Experience' is the valuable experience gained, and the fruits of government and the whole of the army and people, on the basis of re-invigoration. This was gained through wisdom and blood under the guidance of the three people's principles, combining the traditional and the modern, the ideal and the reality, and was realized in a continuous, sincere, and unified effort to achieve progress for the country and dignity for individuals." There is also a passage of explanation in Mr Yu Guohua's "government" report, which he delivered orally. He said: "In material terms we have passed the stage of having to worry about not having enough and are now in the stage of pursuing a refined and comfortable lifestyle. In spiritual terms we have shaken off the shadows of alienation and indifference and are focusing on developing human nature and culture. The process and fruits of these efforts constitute the 'Taiwan Experience,' which is appreciated by the whole world."

The above two statements are the fullest explanations this reporter has discovered so far but really they are not very clear. Having read these series of abstract and mystifying terms, I am confused as to their relevance to the "experience" of Taiwan and much less to the substance and regularity of the "Taiwan Experience."

Judging from Taiwan propaganda, the much touted "Taiwan Experience" consists of two aspects. One is economic prosperity and the other, political democracy. As to whether or not there is real democracy in Taiwan the populace have already had their answer and I will not waste any more words here. Regarding material well-being, it is an undeniable fact that Taiwan's economy has

made rapid development. One thing that has been constantly on the lips of the Taiwan authorities is the \$76 billion in foreign exchange reserves and this is a serious research topic for experts. If those factors which are severely limited by historical conditions, and therefore irreversible, can be discarded and instead a set of experiences having general reference and practical significance is summed up—providing reference for the mainland or the rest of the world—it may well be a good thing.

As the proverb says, things come in all shapes and sizes and to learn from the strong points of others in making up for one's own weaknesses is beneficial to all countries, regions, or individuals. The mainland is enforcing the open policy, strengthening friendly intercourse with countries around the world, and welcoming advanced economic, technological, cultural, and sports experiences from all countries. The mainland has always advocated the practice of "three communications" between the two sides of the strait, including economic, technological, cultural, and personnel exchanges. Recently, Yan Mingfu in an interview with Taiwan reporters wished that the two sides "could develop mutual beneficial relations and crash the international market together." If the Taiwan authorities are sincere in "preaching the gospel and giving valuable experiences" to the mainland, the mainland would be unable to find a reason not to welcome such a move.

Let us take a look at the policies adopted by the Taiwan authorities in promoting the "Taiwan Experience" to the mainland. So far, all we know is empty propaganda. Apart from maintaining the "three no's" policy and the present pattern in which only civilian-level, unilateral, and indirect contacts are allowed, no other new policies have been seen, much less any significant breakthrough. If in this situation there are neither talks nor contacts between officials of the two sides, how will the so-called "Taiwan Experience" be passed from one shore to the other?

If the authorities are sincere in passing Taiwan's good "experience" to the mainland then they should do some practical things in a practical manner. One immediate and easy thing to do right away is to open up trade between the two sides of the strait and to make it direct. Taiwan has initiated direct trade with many East European socialist countries. Why will it not have direct trade with its own compatriots who are just across the strait?

When listening to the words simultaneously observe the deeds. There are obvious political purposes and other motives, which for some reasons are inconvenient to make public, behind the Taiwan authorities' selling of the "Taiwan Experience." The age-old proposal to "unify China with the three people's principles" by the Taiwan authorities has always stopped short at slogans and, being objected to by many circles, no longer works. They now want to change to an apparently more practical slogan—that of selling the "Taiwan Experience." By nature it is in effect a "political counterattack" under the guise of selling the "Taiwan Experience." Therefore it can be said that

promoting the "Taiwan Experience" is a political strategy the purpose of which is neither how or whether it can be sold. Putting forward this slogan can kill three birds with one stone: The Taiwan authorities can resist the mainland's "one country, two systems" program and thus slow down the pace of peaceful unification; they can upgrade themselves by downgrading the other side, seeking survival space and time in the international theater; and with the new slogan they can postpone the demands from various sectors on the island to quicken the pace of interchange between the two sides, in an attempt to turn themselves from passive to active, make a move forward by apparently retreating, and turn defense into attack. They can thus buy some more time and rest content with their sovereignty over a part of the country.

What a pity! This is not a very bright move!

Taiwan Considers Dismantling Military Positions
*OW1804112889 Beijing Domestic Service
in Mandarin 0800 GMT 13 Apr 89*

[Text] According to a XINHUA NEWS AGENCY report, the military authorities in Taiwan plan to dismantle 90 percent of the military positions in the Taiwan-Penghu region. They also plan to allow the election of representatives to public office in the two military restricted areas of Mazu [Matsu] and Jinmen [Quemoy] by the end of this year.

Mazu and Jinmen are both under military control. People are not permitted to move in and out freely. Communications and transportation are in the hands of the military authorities. Heads and councillors of towns and townships, heads of villages and neighborhoods, and members of the national assembly and Legislative Yuan are all appointed by a war zone administration council, which is controlled by the military.

The Taiwan Defense Minister Zhen Wei-yuan [Cheng Wei-yuan] admitted that representatives selected in this way cannot truly reflect the will of the people. Therefore, he indicated that election by popular vote will be permitted by the end of the year. However, he stated that for security reasons communications in the Jinmen and Mazu areas will remain under military control.

According to reports, the Taiwan Defense Ministry has completed its review on retaining and dismantling military positions in the Taiwan-Penghu region. It is expected to retain 10 percent of these military positions.

Taiwan Sports Delegation Arrives on Mainland
*OW1704130289 Beijing XINHUA in English
1214 GMT 17 Apr 89*

[Text] Beijing, April 17 (XINHUA)—The Chinese Taipei gymnastic team, the first sports delegation from Chinese Taipei ever to compete in China, set feet on the mainland this afternoon.

The 15-member Chinese Taipei squad arrived here for the Asian junior gymnastic and rhythmic gymnastic championships slated for April 21 to 23.

The squad, together with 12 coaches, judges and sports officials, is the first sports team ever to visit the mainland since 1949.

"We are very happy to be here and I am very excited since it is the first time in 40 years," said the Vice-General Secretary of Chinese Taipei Olympic Committee Chan Te-chi.

Chan, head of the Chinese Taipei gymnastic delegation, also denied there were any differences between the two Chinese versions of "Zhongguo Taipei" [version preferred by the PRC] and "Zhonghua Taipei" [version preferred by Taiwan]. "It is merely a matter of translation."

The gymnasts from Chinese Taipei were all dressed in white with "Chinese Taipei" on the back and the Chinese expression "Zhonghua Taipei" written in Chinese characters on the front.

"It is the time we have long expected," said team leader Chang Hsiu-shih.

Chang seemed to be proud of the team's first trip from his council to the mainland, saying that the debut was "the first step and more athletes will follow suit."

The Taiwanese agreed, after months of discussions with the mainland sport officials, competing [as received] in Beijing early this month.

The Chinese Olympic Committee saw this act as "a major development" in the sports exchanges between the two sides, and "a great impetus" to the promotion of "brotherhood and mutual understanding" among the compatriots.

When asked what were his expectation of the achievements of his gymnasts, Chang, the 49-year-old counselor of the Chinese Taipei Gymnastics Council, said that the team's main purpose was "to make the best performances of what they had practiced at home."

Chang admitted that the technical skills of his athletes were not on the same level as the mainland gymnasts', but would try their utmost to perform well.

Chang expected three boys and one girl would hopefully elbow into the first three places, but did not name in what events.

The athletes, aging from 12 to 18 years old, will stay in Beijing for nine days.

When asked whether the delegation has any special wishes on their daily lives in Beijing, Chang said his gymnasts would get used to the mainland's living customs "since we are all Chinese."

More on Arrival

HK1804051789 Hong Kong SOUTH CHINA
MORNING POST in English 18 Apr 89 p 10

[By Lai Pui-yee]

[Text] A Taiwan sporting team under the name "Chinese Taipei" yesterday stepped on the mainland, where it will compete with its mainland counterparts for the first time since 1949.

"We are very happy to be here," Chan Te-chi, head of a 15-strong squad of gymnasts and coaches, said on arriving at Beijing airport to a warm welcome from Chinese officials.

From April 21 to 23, the Taiwan gymnastics team will take part in the Asian Junior Gymnastics Championships in the Chinese capital.

Mainland and Taiwanese teams have competed together in international competitions in other countries in the last 10 years but never in China or Taiwan.

The 25-member team yesterday set off for Hong Kong at 8:40 am on a China Airlines flight.

At the British territory, they changed on to a CAAC [Civil Aviation Administration of China] plane and arrived at Beijing in the afternoon.

This first official visit by a Taiwan sport team to the mainland follows an agreement reached by Olympic committee officials from both sides earlier this month.

While sending off the team, Mr Chang Feng-hsu, president of Taiwan's Olympic Committee asked them to "handle all matters with a normal frame of mind."

Accompanied by 20 Taiwanese journalists, the team entered Beijing on visas for "Taiwanese compatriots," issued yesterday by Hong Kong's NEW CHINA NEWS AGENCY.

The sportsmen were garbed in white athletic outfits printed with the large characters "Chinese Taipei."

"We have brought along such Taiwanese products as tea, tennis rackets, ties, soap, and pocket calculators emblazoned with the Olympic logo," said a team member.

Team officials refused to say to whom the gifts are destined. Nor did they comment on what activities they would engage in outside the sport stadium.

Secret negotiations between the two governments had been going on in Seoul and Hong Kong since February.

Instead of Taiwan's official name—"Republic of China"—Taiwan teams will use the designation adopted by their squads at the Los Angeles and Seoul Olympic games.

Taiwanese athletes will also take part in the 1990 Asian Games to be held in Beijing.

Analysts say that the secret talks that led to the breakthrough could become the "model" for other negotiations between officials from both sides of the strait.

Chinese Olympic Committee vice-president He Zhen-liang earlier said that, as individuals, sportsmen from Taiwan had already come to the mainland for international competitions and meetings for some time.

Commentary on One Nation, Two Government Policy
OW1604033389 Taipei Domestic Service
in Mandarin 2300 GMT 14 Apr 89

[Station commentary: "On Elastic Diplomacy and the New Concept of Two Equal Governments"]

[Text] Since our country severed diplomatic relations with the United States in 1978, the Chinese Communists have been bent on isolating us in the international community and made us suffer one setback after another in foreign relations. Today our country maintains formal diplomatic relations with 23 countries and regions.

Under such an unfavorable situation of foreign relations, our government recently has made some breakthroughs in the diplomatic field. For example, the Bahamas, a rich island nation in Central America, announced the establishment of its diplomatic relations with our country in November 1988. Malaysia in September 1988 agreed to naming our Kuala Lumpur office the Taipei Economic and Cultural Center and allowing its staff to enjoy diplomatic status. The Philippine parliament is planning to enact a Philippine-Taiwan Mutual Benefit Relations Act, patterned after the Taiwan Relations Act of the United States, in order to upgrade relations between the two countries. The Honduran president visited the Republic of China recently. In addition, major Western nations have also resumed exchanges with our country after more than a decade of standstill. France has set up a French Institute in Taiwan, modelled on the American Institute in Taiwan, to make its agency in Taiwan more official in nature. Britain is scheduled to set up a British Institute in Taiwan in June.

These diplomatic breakthroughs are generally regarded as a result of the efforts made by our foreign affairs organizations to substitute elastic, realistic actions for conservative practices. However, the rapidly-developing economy, trade strength, and political democratization of our country in recent years are also most effective bargaining chips in diplomatic deals. Recently, Premier Yu Kuo-hua instructed the Ministry of Foreign Affairs to carefully study the new concept of one country with two equal governments. The concept has aroused attention and concern at home and abroad. It is also a breakthrough to propose the concept of two equal governments in response to the Chinese communists' proposal on one country with two systems.

By recognizing the actual jurisdiction of both sides, our government hopes to get itself recognized by the international community and gradually return to international organizations. Under the new concept, the Chinese communists may use the Taiwan development experience of 40 years to promote modernization and democratization on the mainland in an environment of open, peaceful competition. The concept is beneficial to the people on both sides of the Taiwan Strait.

However, the Chinese communists are intensely attacking our elastic diplomacy. On 11 April, they described our concept of two equal governments as trying to create two Chinas, or one China and one Taiwan. They have not yet changed their attitude toward us.

Premier Yu has unequivocally said that we should ignore the Chinese communists' hullabaloo, actively promote elastic diplomacy in a principle of one China, and create new foreign relations.

We support Premier Yu's resolute attitude and principle. Our elastic diplomacy certainly will cause misgivings among Chinese communists. So long as we hold in our hands the initiative in diplomatic offensives, we will have a good chance of success in deciding the future of all of China. The concept of two equal governments is still in a prototypical stage. Before the government formulates a mature policy for it, we hope that the people throughout our country be mentally prepared, and not cherish too many illusions at the moment. However, we must be fully confident in the future, support creative policies of the government, and meet the future challenges.

Sino-U.S. Technical Cooperation Conference Opens
OW1604071089 Taipei CNA in English
1000 GMT 15 Apr 89

[Text] Taipei, April 15 (CNA)—The Sino-American Technical Cooperation [as received] convened its 1989 annual conference Thursday at the Shin Kong Life Insurance Building in Taipei, with the association's President Anthony T.S. Wu presiding.

Fredrick Chien, chairman of the Council for Economic Planning and Development, was invited to deliver a speech on the nation's economic prospects during the session.

Former Premier Sun Yun-suan, now a senior adviser to the president, and Scott Hallford, deputy director of the Taipei Office of the American Institute in Taiwan, also attended the meeting as distinguished guests.

The Sino-American Technical Cooperation Association was organized many years ago by a group of ROC [Republic of China] officials and scholars who once studied in the United States, including President Li Teng-hui and former Premier Sun Yun-suan. The organization aims to promote technical and academic cooperation between the Republic of China and the United States.

'Significant Breakthrough' in SRV Relations
OW1804051089 Taipei CNA in English
0238 GMT 18 Apr 89

[Text] Taipei, April 18 (CNA)—A fishing delegation from Vietnam Monday called on the Council of Agriculture for an exchange of views on fishing cooperation between the two countries, the council sources said Monday.

The council suggested that Vietnam allow private fishing boats from the Republic of China [ROC] to catch fish in its waters after paying fees for access, the sources noted.

It would be a significant breakthrough in bilateral relations between the two countries should the cooperation agreement be concluded, the sources noted.

Vietnamese waters were one of the main fishing grounds for ROC fishermen before the Vietnamese communists took control of South Vietnam 14 years ago.

The council warned local fishing companies, however, that if the two countries reached a fishing cooperation agreement, they would have to respect the terms of the agreement when operating in Vietnamese waters.

Fishing Agreement Reached With Malaysia
OW1504042989 Taipei LIEN HO PAO in Chinese
30 Mar 89 p 2

[By reporter Chung Yun-lan]

[Text] To solve fishing disputes between our country and Malaysia and to improve cooperation in fishery between the two countries, the Republic of China and Malaysia have agreed in principle to sign a civil cooperation agreement on fishery, based on the model of Chinese-Indonesian fishing agreements. At present, both sides are discussing the details of the agreement. However, an investment protection agreement between China and Malaysia, which has been under discussion for more than 2 years, was forced to be set aside because of the pressure on Malaysia from the communist Chinese.

Public opinion was in an uproar last year when our fishing boats were arrested in the waters off the Nansha [Spratly] Islands by the Malaysian Navy. The old problem of the overlapping of Chinese and Malaysian waters once again became a hot topic of discussion. Yin Weiliang, then representative of the representative office in Malaysia, filed a strong protest with the Malaysian Government. It has been learned that the Malaysian Government was perplexed about transferring the case of the fishing boats to legal proceedings without previous coordination. Because of the strong reaction of domestic public opinion, the Malaysian Government, in addition to seeking various ways to solve the problem, began to actively consider the suggestion of cooperation in fishery between the two countries which our country had proposed in the past.

According to authoritative sources, the reason the negotiation on fishing cooperation between China and Malaysia is progressing so quickly mainly lies in the fact that Malaysia is really in need of our investment in economics and trade. Therefore, it has adopted a generous policy on our reasonable construction there. In addition, fishery in Malaysia is backward. With

resourceful fishing grounds near its territory but a lack of fishing personnel, Malaysia wishes to strengthen fishing technology through cooperation with us in this field.

Another important reason is that China does not insist on signing a fishing cooperation agreement on a governmental basis. Both sides have agreed that an agreement will be signed by either civil groups or fishing companies in view of the fact that the purpose of this agreement is to open a fishing ground for our fishermen—a favor we are asking from Malaysia—the scope and level of involvement are limited, that a previous civil agreement model between China and Indonesia already exists, and that we are not willing to create more trouble for the Malaysian Government.

On the other hand, an agreement on investment protection, which was expected to be signed by China and Malaysia, was slowed down because of the interference from communist China. According to the Ministry of Foreign Affairs, as far as the agreement is concerned, conditions for negotiation are in our favor because we are the investors. Since the relations between China and Malaysia have been upgraded to the governmental level, we insist on signing a more stable official agreement in the name of both the Chinese and Malaysian governments. It is believed that a successful conclusion of this agreement will be the cornerstone of the relations between our country and other Asian countries.

Honduran President Continues Official Visit

Azcona Predicts Closer Relations
OW1504183089 Taipei CNA in English
1620 GMT 15 Apr 89

[Text] Taipei, April 15 (CNA)—Honduran President Jose Simon Azcona Hoyo said here Saturday he expects the relations between Honduras and the Republic of China [ROC] to become closer and ever more friendly in the years ahead because the two nations share the common ideal of promoting freedom and democracy.

The Honduran leader hosted a reception at the Taipei Grand Hotel in the evening in which he thanked the ROC Government and people for the warm hospitality accorded him and his entourage during their visit here.

In a ceremony prior to the reception, President Azcona decorated ROC President Li Teng-hui with the Golden Grand Cross of Morazan, an order named after Francisco Morazan, the Central American nation's founding father.

Azcona said that on behalf of the Honduran Government and people, he conferred his country's highest honor on Li in recognition of the ROC leader's outstanding contributions to his own country and to promoting cooperation and friendship between Honduras and the ROC.

Li responded that the conferment of the order signifies the cordial and close relationship between the two countries and that he expects their bilateral ties to further expand in the future.

The ceremony and reception were attended by more than 300 dignitaries, including ROC political, government, military and business leaders, and members of the foreign diplomatic corps.

Earlier in the day, President and Mrs Azcona visited Kaohsiung, the biggest city in southern Taiwan, in the company of Premier Yu Kuo-hua, Foreign Minister Lien Chan, and Economics Minister Chen Li-an.

They flew into the city at 10 a.m. and immediately visited Kaohsiung harbor, the ROC's largest international port. Kaohsiung was one of the world's three busiest container harbors in 1988, handling more than 3 million containers in that year.

The Honduran chief of state then proceeded to tour the Nantze Export Processing Zone in suburban Kaohsiung where he was briefed on the history and prospects of the three export processing zones (EPZ) in the Taiwan area.

Director General Yu Kuang-ya of the Economics Ministry's EPZ administration told Azcona that the three EPZ's have earned the nation billions of U.S. dollars in foreign exchange during the past 22 years.

To ensure the competitiveness of plants in the EPZ's, Yu said the Economics Ministry and his administration have formulated a series of measures to help the plants improve their production structures and technological levels.

In recognition of the outstanding performance of the ROC export zones, the world association of export processing zones has decided to hold its 1989 annual meeting in the nation. Yu suggested that Honduras, which has established free trade zones, send a delegation to attend the meeting.

The ROC Government has decided to develop export zones in Costa Rica and Panama. President Azcona apparently paid special attention to the EPZ briefing, as the two Central American nations are close to Honduras.

Before flying back to Taipei at 4 p.m., Azcona made a whirlwind visit to the state-run China Steel Corp. and China [word indistinct] Corp.

He was impressed by the production efficiency of China still, which is capable of producing 5.65 million tons of pig iron per year, and by the huge yard of Chian shipbuilding.

President Azcona, who arrived in Taipei Wednesday on a state visit—the first visit by an Honduran chief of state to the ROC—will conclude his five-day official visit

Sunday afternoon. He is expected to sign a joint communique with President Li and hold a departure press conference before flying home.

Joint Communique Signed
OW1704183989 Taipei CNA in English
1548 GMT 16 Apr 89

[Text] Taipei, April 16 (CNA)—ROC [Republic of China] President Li Teng-hui and Honduran President Jose Simon Azcona Hoyo signed a joint communique Sunday pledging to strive for international justice and lasting global peace.

They, on behalf of their countries, also agreed to seek closer agricultural, industrial and fishery cooperation.

Azcona, in the communique, cordially invited President Li to visit Honduras. Li accepted the invitation, but the exact date for his visit will be set later.

The communique was inked at 11:00 a.m. at the presidential office, with ranking government officials from both countries witnessing the ceremony. The communique reiterated the friendly ties between the two countries and vowed to continue implementing democratization.

President Li's strenuous efforts and his able leadership, the communique said, has created a stable political environment, economic prosperity, and a self-reliant spirit in the ROC.

Azcona, on behalf of his people and government, also thanked the ROC for its assistance in helping Honduras develop its economy, agriculture, fisheries, and power generating systems.

Li, meanwhile, spoke highly of Azcona's earnestness in promoting peace in Central America and thanked the Honduran Government for the steadfast support it has extended to the ROC in the international community in past years.

Li said that Azcona's visit has certainly improved the already close ties between the ROC and Honduras.

News Conference Held
OW1704183189 Taipei CNA in English
1455 GMT 16 Apr 89

[Text] Taipei, April 16 (CNA)—Honduran President Jose Simon Azcona Hoyo said Sunday that the industrial and the commercial circles of the Republic of China [ROC] are welcome to invest in Honduras.

During a pre-departure press conference at the Taipei Grand Hotel, President Azcona said that Honduras is not only rich in natural resources, but also entitled to preferential treatments from the United States under the "Caribbean Basin Initiatives".

The Honduran Government has also enacted laws governing the management of free industrial zones in order to stimulate and protect investments by foreign entrepreneurs, the Honduran president added.

Honduras imposes neither foreign exchange controls nor restrictions on investments by foreigners, Azcona noted, stressing that his government will offer all possible conveniences to ROC citizens willing to do business, to make business travel or even to settle in Honduras.

Azcona also announced that a Honduran trade delegation is scheduled to arrive in the Republic of China on April 23 in order to seek investment and cooperation opportunities.

Meanwhile, the China External Trade Development Council said that Honduras' political situation is very stable and ROC-Honduras economic and trade relations are being strengthened, thus making it a fitting location for local entrepreneurs to invest in the Central American region.

Departs 16 Apr

OW1704191589 Taipei CNA in English
1608 GMT 16 Apr 89

[Text] Taipei, April 16 (CNA)—Honduran President Jose Simon Azcona Hoyo, after a five-day state visit to the Republic of China [ROC] on Taiwan, left Taipei Sunday afternoon, with President Li Teng-hui on hand to see him off at the Sungshan Military Airport.

President Azcona and his entourage arrived at the airport at 3:20 p.m. in the company of Foreign Minister Lien Chan, Hong Sieou-je, director of the Foreign Ministry's protocol department, and other Chinese officials.

Azcona inspected the ROC honor guard and was accorded a 21-gun military salute prior to his departure.

Also seeing him off were a group of school boys and girls, who excitedly waved the national flags of both countries and shouted "Goodbye, Mr. President!" when Azcona approached to shake hands with them.

Azcona then transferred to Chiang Kai-shek International Airport, about 40 kilometers from Taipei, to leave for home.

During his stay in Taiwan, Azcona, the first foreign president to visit the ROC since Li assumed the presidency early last year, met with President Li and other ranking Chinese officials to discuss democratization and national development of both countries.

Being quite familiar with modern Chinese history, Azcona paid his respects to the memory of the national father Dr. Sun Yat-sen, the late President Chiang Kai-shek and the nation's revolutionary martyrs.

The Honduran head of state gave high marks to the late President Chiang Kai-shek's able leadership, which Azcona said has established the ROC on Taiwan as a model province of China.

In a pre-departure press conference Azcona recalled that he was most impressed with the China Steel Corp., a state-run steel company able to manufacture [words indistinct] metric tons of raw steel only 18 years after its establishment.

His agenda also included visits to the China Shipbuilding Corp. and the Hsinchu Science-based Industrial Park, the ROC version of "Silicon Valley."

Azcona called on his tour of the industrial park "a very important experience for myself. It was especially important for a Central American country."

He repeatedly stressed that he believed the ROC, with its people united under the leadership of President Li, will be able to make great contributions to promoting both the well-being of the ROC people and international justice.

A local political observer commented that Azcona would tell leaders of other Central American countries what he had seen in Taiwan. This should greatly help the ROC enhance its substantive ties with Central American countries, the observer noted.

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, economic, military, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available source; it should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed, with personal and place names rendered in accordance with FBIS transliteration style.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Soviet Union, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be

provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735, or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.

END OF

FICHE

DATE FILMED

18 APRIL 89

